



Item #: 9

Project: Discussion/Action/Direction regarding a request to Augment the 2023/2024 FY Budget to cover potential litigation.

Meeting Date: Thursday August 24, 2023

Meeting Time: 08:30 a.m.

Location: El Centro City Council Chambers
1275 W. Main Street
El Centro, CA 92243



EXECUTIVE OFFICER'S REPORT

COMMISSIONERS

David H. West, [Public]
Maria Nava-Froelich, Chair [City]
Javier Moreno, Vice-Chair [City]
Ryan E. Kelley [County]
Michael W. Kelley [County]

ALTERNATES

Jose Landeros [Public]
Robert Amparano [City]
Jesus E. Escobar [County]

REPORT DATE: August 1, 2023
FROM: Paula Graf, Assistant Executive Officer/Sr. Analyst *Paula Graf*
PROJECT: Discussion/Action/Direction regarding a request to Augment the 2023/2024 FY Budget to cover potential Litigation.

HEARING DATE: August 24, 2023 **TIME:** 08:30 a.m.

AGENDA ITEM #: 9

HEARING LOCATION: El Centro City Council Chambers, 1275 Main St.,
El Centro, CA 92243

RECOMMENDATION(S) BY THE EXECUTIVE OFFICER (In Summary & Order)

- OPTION #1:** Approve the proposed Augmented Budget for Fiscal Year 2023-2024 as presented by the Executive Officer.
- OPTION #2:** Approve the proposed Augmented Budget for Fiscal Year 2023-2024 as requested with modifications, following the hearing by the Commission.

ANALYSIS/REPORT

Your Commission, at the May 25, 2023, meeting, adopted the budget as Final for Fiscal Year ending 06-30-2024. The budget includes \$20,000 annually for Legal Services.

In 2021 LAFCO entered into an agreement with Walker & Driskill Professional Law Corporation to represent LAFCO as General Counsel. This agreement includes a monthly retainer fee for which we have budgeted. However, we did not budget for substantial litigation increases.

LAFCO maintains a Litigation Reserve to cover other potential legal services or litigation. The account has a balance of \$40,000.

As you know, the City of El Centro has filed litigation against LAFCO (City of El Centro v. Imperial LAFCO Case #ECU002984). Consequently, our legal defense line item will exceed what we have budgeted. Staff have estimated a potential cost in excess of \$40,000 to cover legal expenses for this litigation.

Staff is requesting an augment to the 2023/2024 adopted budget as follows:

Transfer From:	Contingency Reserves - Litigation Fund	\$40,000
Transfer To:	82-2180 Professional & Special Services - Legal	\$40,000

Conclusion:

Although we can currently utilize contingency funds, the Commission needs to understand that this cost if we did not have contingency funds would require additional contribution from the County at \$20,000 and the cities collectively \$20,000.

It also means that in order for us to maintain the contingency at the level established by the Commission our budget for next year may require an increase of about \$40,000.00.

EXECUTIVE OFFICERS RECOMMENDATION

It is the recommendation of the Executive Officer that LAFCO conduct a public hearing and consider all information presented in both written and oral form. The Executive Officer then recommends, assuming no significant public input warrants to the contrary, that LAFCO take the following action:

OPTION #1: Approve the proposed Augmented Budget for Fiscal Year **2023-2024** as presented by the Executive Officer.

CC's:

Jurg Heuberger, Executive Officer
County of Imperial, CEO
County of Imperial, Clerk to the Board
City of Brawley, City Manager
City of Calexico, City Manager
City of Calipatria, City Manager
City of El Centro, City Manager
City of Holtville, City Manager
City of Imperial, City Manager
City of Westmorland, City Manager
Independent Special Districts