



SACRAMENTO LOCAL AGENCY FORMATION COMMISSION
1112 I Street, Suite 100 • Sacramento, CA 95814 • (916) 874-6458 • Fax (916) 874-2939

March 19, 2009

Dear Joel:

On Wednesday, March 4, 2009 I advised that Commission that the Arden Arcade Incorporation Committee provided bank statements indicating that the Incorporation Committee had raised \$52,574 towards the payment of \$101,358 due on or before July 1, 2009.

I also briefed the Commission that both consultants are prepared to commence work on July 1, 2009 provided LAFCo receives the payment of \$101,358 on July 1, 2009. As agreed upon in the Revised Funding Agreement, I will request the consultants update their cost estimates by April 1, 2009 to reflect contract cost changes related to applicable new laws and/or timing delays in light of funding delays. I do not anticipate any changes but I will be verifying project costs with our consultants.

As a point of consideration, the Incorporation Committee may be required to disclose its funding sources pursuant to Cortese-Knox-Hertzberg and the Political Reform Act. You should obtain legal advice as to the specific legal disclosure requirements that apply to incorporation efforts.

Please note that the estimated project cost to complete the Comprehensive Fiscal Analysis and Environmental Impact Report *does not contain any funding for contingencies and other costs that may be needed to complete processing the incorporation application. The incorporation proponents will need to pay for any additional work that may be required to process the incorporation application prior to when the costs are incurred.* Such costs include but are not limited to:

- Preparation of a legal description once a boundary has been determined
- As necessary, costs incurred by the CFA consultant to assist in negotiating a Revenue Neutrality Agreement
- Cost to file with the State Board of Equalization
- Additional legal costs that may be incurred depending on the complexity of the legal issues related to this project
- Supplemental work by the EIR and CFA consultants as may be required to respond to comments and issues raised on the Draft EIR and/or Draft CFA

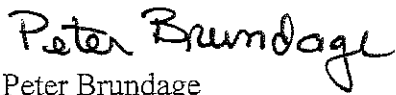
To reiterate, final payment in the amount of \$101,358 is due on or before July 1, 2009. I will not authorize the consultants to commence work until the July 1, 2009 payment is made in full. As you know, the Revised Funding Agreement provides that if payment is not made by July 15, 2009, LAFCo may elect to terminate these proceedings at our discretion. I have been directed to report back to the Commission on June 3, 2009 with the funding status. The Commission is on recess in July; therefore, I will need Commission approval to proceed in June in order to authorize the consultant's to proceed on July 1, 2009 if the required payment is made. The July 1st start date is critical in order to meet the project schedule for a November 2010 election should the Commission approve the proposed incorporation.

I have attached a summary of the Arden Arcade Incorporation project costs and funding sources that have been included in the FY 2009-10 Proposed Budget.

We look forward to moving ahead and working with the Incorporation Proponents on this project.

Please contact me at 874-5935 if you have any additional questions.

Sincerely,



Peter Brundage

Executive Officer

Sacramento Local Agency Formation Commission

cc: Members Sacramento Local Agency Formation Commission
Nancy Miller
Michael Brandman Associates
Willdan Financial

(file: March, 2009 letter)

Arden Arcade Incorporation Estimated FY 2009-10 Budget

Summary of Arden Arcade Estimated Total Project Budget

Task	Cost	Adjustment	Total Estimated Costs
Draft CFA	90,000	0	90,000
Draft EIR	144,880	14,400	159,280
Legal	30,000	0	30,000
Contingency	0	0	0
Total	264,880	14,400	279,280

Summary of Arden Arcade Contract Expenditures as of March, 2009

Task	Contract	Spent	Balance
Draft CFA	90,000	0	90,000
Draft EIR	159,280	88,595	70,685
Legal	30,000	12,164	17,836
Contingency	0	0	0
Total	279,280	100,759	178,521

Summary of FY 2009-10 Funding Requirements & Sources

Estimated FY 2009-10 Project Costs:	178,521
Funding Sources:	
Proponent's Share of Cost due by July 1, 2009	(101,358)
Proponents' Share of Cost due by October 1, 2009	(20,453)
Funds included in Fund Balance (6-30-09)	(57,245)
Total Estimated Surplus	(535)

Summary of LAFCo Fund Balance

Restricted for Arden Arcade Incorporation

LAFCo Match	36,811
LAFCo Match for Deposit	7,630
Proponent Deposit	7,630
Burr Adj (1/2 LAFCo share)	5,174
Total	<u>57,245</u>