



**Chief
Executive
Office.**

COUNTY OF LOS ANGELES

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CHIEF EXECUTIVE OFFICER

Fesia A. Davenport

June 3, 2024

The Honorable Maria Elena Durazo
Chair, Senate Local Government Committee
1020 N Street, Room 407
Sacramento, CA 95814

Dear Senator Durazo:

I am writing to you as the County of Los Angeles' (County) Chief Executive Officer to provide additional information regarding the County's opposition to AB 2986 (Carrillo). As currently drafted, this bill would require the Local Agency Formation Commission for the County of Los Angeles (LA LAFCO) to establish an eleven-member task force which would hold quarterly community meetings to identify and evaluate the potential impacts of city incorporation or the establishment of special districts for unincorporated East LA.

If approved, AB 2986 would create new (one-time) estimated County costs of \$5.1 million to ensure information is furnished to the task force in a timely manner. The County's conservative cost estimate reflects the floor and not the ceiling of costs related to completing such a comprehensive report.

Of note, this conservative estimate includes the level of resources used to complete a similar Comprehensive Financial Report in 2012 (costs have been adjusted to account for current (2023-24) salary and overhead hourly rates). For each County department, estimates were made regarding the number of hours and appropriate staffing needed for data gathering, studies, analysis, and attendance at task force meetings. Among other things, County staff and consultants will need to assess and analyze service delivery costs for unincorporated East LA; evaluate current revenue streams (e.g., property taxes, other taxes, and fees) to fund services; and analyze the fiscal implications for the County in the event of East LA's incorporation or special district.

The chart in the enclosure, breaks down these cost estimates in greater detail. Not included in the estimated County costs is the additional \$750,000 that LA LAFCO estimates it will need to administer the task force and provide other required services.



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AB 2986 represents the fifth attempt to incorporate East LA. Two attempts were rejected by voters; a third attempt did not garner enough community support to qualify for the ballot; and LA LAFCO denied the most recent attempt in 2012 because the Comprehensive Financial Report determined that the proposed City of East Los Angeles would face a \$19 million budget deficit in its first year of cityhood due to an inability to generate sufficient revenue. My office, in collaboration with County Departments, is preparing a report on the updated estimated costs and expect the deficit in 2024 to be significantly higher. This deficit could mean residents and businesses would either need to pay more taxes, reduce service levels, outsource union jobs at a lower cost, or request additional support from the County.

Protecting the fiscal strength of the County while ensuring the County's finite resources are used to the optimal benefit of its residents is among my top priorities. Given the recent 2012 Comprehensive Financial Report showing the new city would be substantially "in the red" on day one, and in light of the State's current proposed cuts to critical County safety net services, the County's limited resources should be available to support our residents and not tied up in yet another study.

For these reasons, the County remains opposed to AB 2986.

Respectfully,



FESIA A. DAVENPORT
Chief Executive Officer

Enclosure

c: Senate President Pro Tempore Mike McGuire
Each Member and Consultant,
Senate Local Government Committee

Estimated County Costs

The following chart is a conservative estimate of the County's costs to comply with AB 2986:

County Department/Consultant	Costs
Animal Care and Control	\$89,162
Assessor	\$81,201
Auditor-Controller	\$69,412
Chief Executive Office	\$547,176
Internal Services	\$250,000
Library	\$103,935
Parks and Recreation	\$50,291
Department of Public Works	\$500,000
Regional Planning	\$99,783
Reg Recorder	\$20,371
Sheriff	\$501,866
Treasurer Tax Collector	\$21,081
Miscellaneous Departments	\$400,000
Fire	\$298,442
Consultants	\$2,000,000*
Total:	\$5,032,721

**This cost estimate is adjusted for today's rates, and it includes the cost for two full-time consultants for 20 months at the cost of \$312.50/hour. Consultant tasks would include: coordination of data gathering with departments; preparing for and attending task force meetings; preparing revenue estimates; hiring outside legal counsel; and conducting community outreach.*