

To: Olin Woods, Chair, and Members of the
Yolo County Local Agency Formation Commission

From: Elizabeth Castro Kemper, Executive Officer
Elisa Carvalho, Assistant Executive Officer

Date: March 22, 2010

Subject: Consider Proposed 2010-11 Budget for the Yolo County LAFCO

Recommended Action

1. Receive and consider the proposed budget, report and options provided to the Commission concerning the 2010-11 fiscal year.
2. Open the public hearing for comments on the proposed 2010-11 Yolo County LAFCO budget.
3. After Commission and public input on the proposed budget, close the public hearing, provide staff direction, and set April 26, 2010 as a public hearing to consider approving the final budget for fiscal year 2010-11.

Fiscal Impact

The budget has been maintained at the 2009-10 level.

Reason for Recommended Action

The proposed LAFCO budget provides a recommended action for the Yolo LAFCO 2010-11 fiscal year. This option maintains adequate support for the Commission to meet the responsibilities of the Cortese-Knox-Hertzberg Act. This is the second year of a projected two year transition including the retirement of the current Executive Officer and the mentoring and training of remaining staff to function during the current economic conditions. The restructuring is to insure the Commission continues to meet its mission and maintain the adopted core values (see Attachment A) with adequate staff. The Yolo County LAFCO adopts its own budget with notice to all affected cities, independent special districts and the County of Yolo.

COMMISSIONERS

★ Public Member Olin Woods, Chair ★

★ County Member Matt Rexroad, Vice Chair ★

★ City Members Tom McMasters-Stone, Stephen Souza ★ County Member Helen M. Thomson ★

ALTERNATE COMMISSIONERS

★ Public Member Robert Ramming ★ City Member Skip Davies ★ County Member Jim Provenza ★

STAFF

★ Executive Officer Elizabeth Castro Kemper ★ Assistant Executive Officer Elisa Carvalho ★

★ Commission Clerk Terri Tuck ★ Commission Counsel Robyn Truitt Drivon ★

Background

The proposed budget continues the transition plan adopted by the Commission in fiscal year 2009-10. The plan reflects the Executive Officer continuing as extra help. The Assistant Executive Officer and Commission Clerk continue to train for positions including new responsibilities and cross-training for managing the office with two staff. In 2009-10 the Executive Officer's position was fully funded at the Executive Officer salary level through December and then the same position was funded as extra help the remainder of the year.

The proposed 2010-11 budget continues the transition plan for the second year. In this case, one-half of the Executive Officer salary will be allocated to repay the PERS retirement incentive to the retirement system. The extra help portion of the budget will include funds to pay the retired Executive Officer to return as a retired annuitant on a part-time basis. The remaining personnel costs are the Senior Management Analyst position, currently the Assistant Executive Officer, and the Board Clerk III position, currently the Commission Clerk.

The Commission recently adopted the LAFCO work plan for 2010-11. The work plan includes review and update of various Municipal Service Review and Sphere of Influence studies on cemetery districts, community service districts, and fire districts. Additionally, staff has been meeting with agency representatives, landowners, and developers on potential organization proposals and other projects, including preparations for boundary change applications.

During the current economic downturn, LAFCO staff has the expertise to meet with the public, research options and organization approaches, and make recommendations to the Commission for action on multiple issues. Actual application numbers are down due to the economy, but meetings with various landowners, developers and public agencies are ongoing due to interest in eventual changes to boundaries and organizational structure considerations.

EXPENDITURES

Salaries and Benefits

Employee costs are paid by LAFCO into a County budget fund (298-1) because staff is technically County personnel. The salary and benefit accounts reflect costs for two employees and the Executive Officer position as quarter-time extra help. The Executive Officer retired in fiscal year 2009-10 and returned to the same position as a part-time extra help employee. Employee costs include a 5% salary reduction in anticipation of countywide salary reductions. countywide reductions have not been finalized and can be considered in the final LAFCO budget. Additionally, salary cost of living increases that were negotiated for County employees in 2009-10 will most likely be eliminated for Fiscal Year 2010-11.

Yolo LAFCO staff includes the Executive Officer, Assistant Executive Officer, and Commission Clerk. The Commission Clerk position maintains LAFCO processes, proposal files, office procedures and all appropriate documentation. She also records and prepares the minutes for the Commission hearings and organizes the agenda packet for the Commission, public and internet. She is also the web master for the Yolo LAFCO website. The Clerk is also being trained to prepare basic municipal service review and sphere of influence studies.

The Assistant Executive Officer prepares special studies, including municipal service reviews and sphere of influence studies, researches specific boundary change proposals and meets with individuals, as well as appropriate public and private entities. She has also trained in the geographical information system so that she can independently prepare and research LAFCO related maps. The Assistant Executive Officer is training the Clerk to prepare studies. She also reviews studies, Commission minutes and agendas, and other work as appropriate. She is also starting to take the lead on current and new projects.

The Executive Officer oversees staff, works with the Assistant Executive Officer and the Commission concerning policy, and works with the public and special districts on special projects. She and the LAFCO Assistant Executive Officer also provide training and presentations to the public, special districts, CALAFCO, and other public or private organizations. The Executive Officer also reviews studies, environmental documents and recommendations for all LAFCO related projects and mentors LAFCO staff.

The recommended budget provides funds for the current Executive Officer to work as a part-time, extra-help employee at 25% for the 2010-11 fiscal year. The Assistant Executive Officer is expanding her leadership role under the mentorship and oversight of the Executive Officer. Both staff are working with the Executive Officer to increase their understanding of financial and policy related areas. This model is consistent with the report reviewed by and accepted by the Commission in February.

Services and Supplies

Expenditures in these accounts are primarily maintained at current levels. Some slight decreases based on actual practice are reflected. Legal services and professional service accounts are maintained at current levels to reflect possible need for outside services from the contracted legal firms and possible new surveyor firms.

REVENUES

County and City Shares

By state law, the cities and County split the cost of LAFCO 50/50. A formula for the split of the cities share is outlined in Government Code section 56381 (b) (1): "The cities share shall be apportioned in proportion to each city's total revenues, as reported in the most recent edition of the Cities Annual Report published by the Controller, as a percentage of the combined city revenues within a county, or by an alternative method approved by a majority of cities representing the majority of the combined cities populations."

By mutual agreement the cities of Yolo County, starting in the 2007-08 fiscal year, have developed an alternative formula to determine the appropriate shares to be paid by each city. The charts below depict the numbers to be used in this new formula. Basically, the cities alternative formula uses the most recent Department of Finance population estimates and State Controller general tax revenue numbers, less grants, and determines the percentage each of the four cities represents of the total. The population and general tax revenue percentages are averaged for each city and used to determine each city's share of the Yolo

LAFCO budget. At present, the latest report from the Department of Finance for the cities share is 2009 and State Controller's latest is FY 06-07.

City	State Controller FY 06-07 General Tax Revenues	FY 10-11 Revenue Share	Dept of Finance Est. 2009 Population	FY 10-11 Population Share
Davis	\$28,813,003	27.4%	66,005	37.2%
West Sacramento	\$43,137,385	41.1%	47,782	27.0%
Winters	\$2,829,605	2.7%	7,052	4.0%
Woodland	\$30,281,009	28.8%	56,399	31.8%
Totals	\$105,061,002	100%	177,238	100%

City Percentage Share of 10-11 LAFCO Budget				
City	% Share of Revenues	% Share of Population	Average % Share of Rev and Pop	Total Share
Davis	27.4%	37.2%	32.30%	\$52,245
West Sacramento	41.1%	27.0%	34.05%	\$55,076
Winters	2.7%	4.0%	3.35%	\$5,419
Woodland	28.8%	31.8%	30.30%	\$49,010
Totals	100%	100%	100%	\$161,750

The County of Yolo and the cities will pay \$161,750 for their share under State law, \$777 less than in FY 2009-10.

Contingencies

In the past several years, the Yolo County LAFCO has opted to maintain a contingency fund for one-time expenses such as the purchase of equipment or consulting services. In fiscal year 2010-11 it is recommended that a portion of carry forward funds that have been accumulated be used to: 1) partially off-set increases to salaries and benefits if reclassification or promotion become needed; 2) provide one-time revenue to partially off-set the loss of County revenue for previous analyst staff time; and 3) provide funds for a potential office move inside the County's Administration Building. If the LAFCO office is moved outside the County's facilities, the amount of dedicated carry-forward funds will need to be increased. The Commission may decide to use more, or less, carry-forward. Additionally, the 5% salary reductions discussed in the "Salaries and Benefits" section of this report will accrue to the LAFCO's carry-forward account.

Alternative Options

The Commission may wish to consider other options, including, but not limited to:

1. Adjust the amount of carry forward.

2. Direct staff to report back to the Commission on the status of the staff structure 6 months after approval of the final budget.
3. Direct staff to reevaluate existing expenditures and revenues and return to the Commission with updated figures based on any Commission concerns at the next budget public hearing.

Conclusion

Actual expenditures are reduced for the proposed 2010-11 Yolo LAFCO budget. However, revenues are also reduced due to the downturn in the economy and the elimination of County payment to LAFCO for the Executive Officer to provide part-time analyst work for the County Administrator. The Executive Officer's retirement and work as extra help has aided the office in its transition to a two person office. The Executive Officer continues to help and mentor the existing staff in the office. The Assistant Executive Officer and the Clerk continue to increase their responsibilities and knowledge specific to the needs of LAFCO.

Other Agency Involvement

The Public Hearing notice for this item was published and posted as required and this budget memo was sent to the affected agencies, including the four cities and the County.

Attachments:

- A. Yolo LAFCO Mission and Core Values
- B. Proposed Yolo County LAFCO 2010-11 Budget

Mission of the Yolo County Local Agency Formation Commission staff:

To provide professional, innovative, and proactive leadership in the implementation of the policies of the Yolo County Local Agency Formation Commission (LAFCO) to enhance the quality of life for the community.

Core Values of the Yolo County Local Agency Formation Commission.

1. Yolo County LAFCO services should be innovative, efficient, and effective.

- A. We will ensure that Yolo County LAFCO exercises fiscal prudence and is always mindful of budgetary limitations, customer expectations, and changing priorities.
- B. We will explore new concepts and creative partnerships to help meet expanding needs, control costs, and generate alternative funding.
- C. We will devise new ways to meet ongoing challenges and to recognize and adapt to changing environments.

2. Decisions should always be based on facts.

- A. We will seek to understand and consider all points of view, evenly and completely.
- B. We will evaluate all potential outcomes and alternatives and offer sound, well-researched and defensible recommendations.
- C. We will acknowledge errors and deal with consequences promptly and openly.

3. Quality is too important to be left to chance.

- A. We will pursue an open and informed approach to quality that involves rational and open discussion on ways of improving.
- B. We will systematically plan, monitor, and evaluate Yolo County LAFCO activities and improve LAFCO procedures based on those evaluations.

4. Effective communication is interactive.

- A. We will share information amply, at all levels and in various media, involving every essential player to the highest degree practicable.
- B. We will strive for simplicity, accuracy, and clarity in communications with the public and each other.
- C. We will offer and accept constructive critiques and will provide timely and honest feedback on ideas and performance.
- D. We will welcome differing points of view and will fully explore ideas and suggestions.

5. Diversity in the county workforce and programs should be valued and promoted.

- A. We will treat all individuals with respect, dignity, courtesy, enthusiasm, and responsiveness.
- B. We will foster a culture of inclusion that brings to bear the best of each individual, knowing that our strength lies in our cultural, ethnic, and religious diversity.
- C. We will ensure that Yolo County LAFCO employees and actions consider the County's demographics and cultural diversity.

6. Cooperation produces added value.

- A. We will seek cooperation on all intergovernmental levels and cultivate regional, state, and federal partnerships, which enhance the quality of life in Yolo County.
- B. We will promote public-private partnerships that help Yolo County LAFCO achieve its mission.

7. Excellence can only occur in a positive work environment.

- A. We will support the recruitment and retention of high quality staff.
- B. We will provide a welcoming work environment that encourages trust, individual flexibility, courtesy, appropriate humor, and professional growth.
- C. We will strive to create a work environment that nurtures and encourages good people to remain a part of our Yolo County LAFCO team.

Yolo LAFCO Proposed Budget 2010-11

ACCOUNT	BUDGET CLASSIFICATION	Final Budget 2009-10	Proposed Budget 2010- 11	Difference from 2009-10
SALARY AND BENEFITS				
861101	Regular Employees	\$160,607	\$155,000	-\$5,607
861102	Extra Help	\$25,000	\$25,000	\$0
861107	Benefit cashout	\$2,000	\$2,000	\$0
861201	Co. Contribution Retirement Sys	\$26,100	\$26,100	\$0
861202	Co Contribution OASDI	\$14,229	\$10,000	-\$4,229
861203	Medicare Tax	\$5,021	\$2,500	-\$2,521
861400	Co Contr Unemployment Ins	\$1,000	\$1,500	\$500
861500	Workers' Compensation Ins	\$1,500	\$1,500	\$0
861600	Cafeteria Plan Benefits	\$35,822	\$30,215	-\$5,607
	PERS incentive (salary savings)	\$33,905	\$33,905	\$0
	Subtotal Salary and Benefits	\$305,184	\$287,720	-\$17,464
SERVICES AND SUPPLIES				
862090	Communications	\$1,250	\$1,250	\$0
862202	Insurance Public Liability	\$1,000	\$1,000	\$0
86-2271	Maintenance-Equipment	\$800	\$800	\$0
862330	Memberships	\$2,300	\$2,300	\$0
862390	Office Expense	\$1,000	\$1,000	\$0
862391	Office Expense - Postage	\$400	\$400	\$0
862392	Office Expense - Printing	\$850	\$850	\$0
862422	Data Processing Services	\$8,000	\$8,000	\$0
862423	Legal Services	\$15,000	\$15,000	\$0
862429	Professional & Special Services	\$14,000	\$14,000	\$0
862460	Publishing & Legal Notices	\$1,200	\$1,200	\$0
86-2491	Rents & Leases - Equipment	\$2,000	\$2,000	\$0
862495	Records Storage - Archives	\$545	\$400	-\$145
862520	Small Tools & Minor Equipment	\$750	\$500	-\$250
862548	Training Expense	\$4,700	\$4,000	-\$700
862559	Special Departmental Exp	\$100	\$100	\$0
862610	Transportation & Travel	\$6,000	\$6,000	\$0
	Subtotal Services and Supplies	\$59,895	\$58,800	-\$1,095
	TOTAL GROSS APPROPRIATION	\$365,079	\$346,520	-\$18,559

ATTACHMENT B

Proposed 2009-10 Yolo LAFCO Budget				
ACCOUNT	BUDGET CLASSIFICATION	Approved 09-10 budget	Proposed 10-11 Budget	Difference from 2009-10
REVENUES				
	Interest Revenue	\$2,500	\$1,000	(\$1,500)
	Carry Forward one-time costs	\$35,000	\$20,000	(\$15,000)
825820	County Contribution	\$162,527	\$161,750	(\$777)
825821	West Sacramento Contribution	\$49,896	\$55,076	\$5,180
825822	Woodland Contribution	\$49,408	\$49,010	(\$398)
825823	Winters Contribution	\$5,038	\$5,419	\$381
825824	Davis Contribution	\$58,185	\$52,245	(\$5,940)
826225	LAFCO Fees	\$2,500	\$2,000	(\$500)
827600	Other Sales	\$25	\$20	(\$5)
	TOTAL REVENUES	\$365,079	\$346,520	(\$18,559)
FUND BALANCE				
	Fund Balance carry forward	\$189,900	\$112,400	(\$77,500)
	Equip/training (carry forward)	-\$10,000	\$0	\$10,000
	Professional Services (carry forw)	-\$50,000	\$0	\$50,000
86-9990	PERS incentive**	\$33,905	\$33,905	\$0
	Estimated XTO/Furlough savings	\$4,000	\$6,000	\$2,000
	Expenditure offset (carry forward)	-\$21,500	-\$20,000	\$1,500
	TOTAL FUND BALANCE	\$146,305	\$132,305	(\$14,000)

**CalPERS incentive will be repaid over two years, final year 2010-11)

ATTACHMENT B