


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

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

Date: May 16, 2011

Subject: Receive and Consider the Proposed Final Budget, Open the Public Hearing  
for Comments, Consider Staffing Alternatives, and Approve the Proposed  
Final Budget for the 2011-12 Fiscal Year

## **Recommended Action**

1. Receive and consider the Proposed Final Budget for the 2011-12 Fiscal Year; and
2. Open the Public Hearing for comments on the Final 2011-12 Yolo LAFCO Budget; and
3. Consider alternatives for staffing the LAFCO Office; and
4. Approve the Final Budget for Fiscal Year 2011-12.

## **Fiscal Impact**

Staff provides two alternatives for the Final Budget for Fiscal Year 2011-12. The first alternative includes funding for two positions. The second alternative includes funding for three positions. The difference in overall budget costs between the two options is approximately \$55,000. The difference in costs to the jurisdictions is approximately \$34,000. Fund balance carry-forward costs help minimize the impact to jurisdictions; however,

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### **COMMISSIONERS**

★ *Public Member* Olin Woods, Chair ★  
★ *County Member* Matt Rexroad, Vice Chair ★  
★ *City Members* Stephen Souza, Skip Davies ★ *County Member* Don Saylor ★

### **ALTERNATE COMMISSIONERS**

★ *Public Member* Robert Ramming ★ *City Member* Bill Kristoff ★ *County Member* Jim Provenza ★

### **STAFF**

★ *Executive Officer* Elizabeth Castro Kemper ★ *Assistant Executive Officer* Elisa Carvalho ★  
★ *Commission Clerk* Terri Tuck ★ *Commission Counsel* Robyn Truitt Driven ★

Alternative 2 uses approximately half of LAFCO estimated fund balance to minimize this impact.

### **Reason for Recommended Action**

On March 28, 2011, the Commission considered the Proposed LAFCO Budget for the 2011-12 Fiscal Year. Among other things, staff recommended the Commission consider appointing the Assistant Executive Officer Elisa Carvalho as the Executive Officer starting Fiscal Year 2011-12 and reclassifying the Clerk position to a higher level, based on increased duties and responsibilities.

The Commission made a motion to form a subcommittee consisting of Chair Woods, Vice Chair Rexroad, and Executive Officer Elizabeth Kemper to discuss procedures for personnel action items on the agenda. In response to this inquiry, staff developed two alternatives for the Commission's consideration.

### **Background**

#### Alternatives

The first alternative includes funding for two positions: an Executive Officer position and a newly classified LAFCO Clerk position. This alternative also includes funding for Extra Help and consulting services to provide extra support and staffing. As part of this option, the Executive Officer has offered to function in a limited advisory role for LAFCO for a portion of the 2011-12 Fiscal Year and her work would be funded through Extra Help.

The second alternative includes funding for three positions: a LAFCO Executive Officer position, a Senior Management Analyst position, and a Board Clerk III position. This option would result in elimination of most Extra Help funding and funding for consulting services in the Professional and Special Services account.

### **EXPENDITURES**

#### **Salaries and Benefits**

The Salary and Benefits section of the budget provides estimates for costs associated with salaries and associated benefits. Extra Help costs are also included in this section. Attachment B provides more detailed information about salaries and benefits, including salary ranges, annual salary amounts, estimated furlough savings, and other benefits.

Yolo LAFCO employees are classified as County employees. Salary ranges for most positions in the County have five steps (steps A through E) within each range; each step usually represents a 5% increase. Unrepresented employees are eligible for two additional longevity pay increase steps (steps F and G), each which represent a 2.5% increase after five years. Movement from one step to the next is based on performance. The last adjustment to the employee salary range was effective on July 2010. The Assistant Executive Officer was promoted to Step 5 of the Senior Management Analyst

Classification. The Clerk has remained on Step 5 of the Board Clerk III Classification since January 2009. She will be eligible for longevity pay in 2014.

A promotion must result in a minimum of a 5% increase. Step 2 of the Executive Officer position was included in this table for comparison as the Assistant Executive Officer would start at that level if promoted. The difference between the Senior Management Analyst salary step and the first EO salary step is less than five percent.

Yolo LAFCO will realize \$19,617 in salary savings for fiscal years 2009-10 and 2010-11 through furloughs and/or increased employee CalPERS contributions. The County implemented furloughs for all County employees starting in the 2009-10 fiscal year. In 2009/10, employees were furloughed 112 hours, a 5% salary savings. In 2010/11 employees have been furloughed 60 hours and pay an additional 6.5 percent of the employee's share of the CalPERS contribution, an estimated 9.4% in salary savings. All salary savings are automatically applied to Yolo LAFCO's fund balance. Over the last several years, Yolo LAFCO has used a portion of the fund balance as carry forward to reduce payments for each of the jurisdictions, to pay for additional extra help support, and/or to pay for consultant services.

LAFCO will continue to achieve a 9.4% salary savings in the next fiscal year. Like the current fiscal year, employees will be furloughed 60 hours and pay 6.5 percent of the employee's share of the CalPERS contribution. Alternative 1 will result in a salary savings of approximately \$14,086. Alternative 2 will result in a salary savings of approximately \$21,825.

Cafeteria Plan Benefits, shown in Attachment B, include the employee medical benefit package. The medical benefit package can be applied to health, dental, and vision insurance benefits. Eligible employees may also receive cash in-lieu of insurance.

Unemployment Insurance and Workers' Compensation Insurance costs are allocated according to each department or office in the County, rather than each employee. LAFCO Unemployment Insurance and Workers' Compensation costs are not projected to change from the previous year.

### **Services and Supplies**

Services and Supplies are similar in Alternatives 1 and 2. The most significant changes occurred in accounts for Legal Services, Professional and Special Services, and Training Expense. Legal Services for Alternatives 1 and 2 were reduced to \$8,000 due to reduced expenditures for legal services over the last two years and to provide additional savings in the budget.

The Professional and Special Services account, which included funds for consulting services and support, was reduced to \$15,000 in Alternative 2. The remaining \$15,000 is budgeted for overhead costs allocated by the County. If the Commission selects Alternative 2, it is anticipated that the Assistant Executive Officer would be expected to perform most of the studies and analysis that would have been delegated to consultants.

Alternative 1 includes \$56,620 for consulting services. This number was generally determined by averaging the cost of the last four Municipal Service Review and Sphere of Influence studies that were provided by consultants and multiplying that number by two to provide an average number for what two consulting contracts might cost. The approved 2011-12 LAFCO Work Plan anticipates hiring one consultant for the combined review of the Esparto and Madison Community Services District and Madison-Esparto Regional County Service Area. In addition to the combined study, staff anticipated additional consulting services for potential staff support to a two-person office.

The original amount budgeted in the Professional and Special Services account for Alternative 1 did not include \$15,000 to pay overhead costs allocated by the County. Considering the Commissions desire to provide additional savings for the Cities and County, staff will not alter the amount in the Professional and Special Services account.

The Training Expense account was increased in Alternative 2. Staff estimated training and travel costs for an additional staff member to attend the next CALAFCO Conference and Workshop and included those costs.

## **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); however, 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 for population and revenues. 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 2010 and the State Controller's latest is FY 07-08.

2010 Census numbers, rather than the most recent Department of Finance population estimates, were used to estimate population in the cities formula. The 2010 Census numbers are the most accurate and up to date population figures available. The Census numbers represent actual population in 2010; whereas, the Department of Finance estimates are based on 2000 census numbers. Additionally, the Department of Finance has provided the 2010 Census figures on its website.

City	State Controller FY 08-09 General Tax Revenues	FY 11-12 Revenue Share	2010 Census Population	FY 10-11 Population Share
Davis	\$42,536,614	35.16%	65,622	37.2%
West Sacramento	\$45,255,495	37.41%	48,744	27.6%
Winters	\$2,726,923	2.25%	6,624	3.8%
Woodland	\$30,465,856	25.18%	55,468	31.4%
Totals	\$120,984,888	100%	176,458	100%

City Percentage Share of 2010-11 LAFCO Budget (Alternative 1)				
City	% Share of Revenues	% Share of Population	Average % Share of Rev and Pop	Total Share
Davis	35.16%	37.2%	36.2%	\$56,891.56
West Sacramento	37.41%	27.6%	32.5%	\$51,076.67
Winters	2.25%	3.8%	3.0%	\$4,714.77
Woodland	25.18%	31.4%	28.3%	\$44,475.99
Totals	100%	100%	100%	\$157,159

Under Alternative 1, the County of Yolo and the cities, respectively, will pay \$157,159 for their share under State law, \$5,182 less than the total cost in FY 2010-11.

City Percentage Share of 2010-11 LAFCO Budget (Alternative 2)				
City	% Share of Revenues	% Share of Population	Average % Share of Rev and Pop	Total Share
Davis	35.16%	37.2%	36.2%	\$63,066.19
West Sacramento	37.41%	27.6%	32.5%	\$56,620.20
Winters	2.25%	3.8%	3.0%	\$5,226.48
Woodland	25.18%	31.4%	28.3%	\$49,303.13
Totals	100%	100%	100%	\$174,216

Under Alternative 2, the County of Yolo and the cities, respectively, will pay \$174,216 for their share under State law, \$24,932 more than the total cost in FY 2010-11.

### Fund Balance

Over the past several years, Yolo LAFCO has maintained a fund balance, which has been used for contingency and one-time, “carry forward” expenses. Surplus budget revenue, including revenue from staff furloughs, is added to the LAFCO fund balance. In the initial draft budget (Alternative 1), staff recommended that \$25,000 in carry forward funds be used to: 1) provide funds for consulting services, and 2) partially off-set increases to salaries and

benefits for reclassification or promotion. In Alternative 2, funds for consulting services and salary and benefit increases have been eliminated; however, staff recommends \$45,000 in carry forward funds be used to offset increase in salary costs, due to the addition of an extra position. It is important to note the \$45,000 in carry-forward costs will result in the loss of approximately half of the estimated beginning fund balance in 2011-12.

It is important to note that fund balance shown in the adopted 2010-11 Budget will not match the fund balance shown in the proposed 2011-12 Budget. Fund balance amounts are estimates in the Proposed and Final LAFCO Budget. The actual fund balance amount for 2010-11 will not be available until the beginning of the following fiscal year.

### Conclusion

Expenditures and revenues remain relatively steady in the 2011-12 Budget for Alternative 1. Revenues were reduced from the 2010-11 fiscal year by approximately \$5,000 in this alternative. The elimination of the PERS retirement incentive was offset by the increase in consultant costs. Revenues remain steady with the one-time carry forward costs and a projected increase of LAFCO fees.

Expenditures and revenues have increased in the 2011-12 Budget for Alternative 2 due to the addition of an extra employee in the Executive Officer position. Revenues in this alternative were increased by \$24,000 from the 2010-11 fiscal year. Increases were offset by the reduction in Extra Help, Legal Services, and Professional and Special Services. Funds for consulting and other support services have been virtually eliminated as it is anticipated the Assistant Executive Officer would provide perform most of the studies and analysis that would have been delegated to consultants or contract staff. Costs were also reduced by use of one-time carry forward costs of \$45,000. This amount represents approximately half of LAFCO's estimated fund balance.

### 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:**

- Attachment A: Proposed Yolo County LAFCO 2011-12 Budget
- Attachment B: Salary and Benefit Details and Information

## Proposed 2011-12 Yolo LAFCO Budget

ACCOUNT	BUDGET CLASSIFICATION	Adopted Budget 2010-11	Proposed Budget 2011-12 (Alternative 1)	Difference from 2010-11	Proposed Budget 2011-12 (Alternative 2)	Difference from 2010-11
<b>SALARY AND BENEFITS</b>						
861101	Regular Employees	\$155,000	\$155,000	\$0	\$233,000	\$78,000
861102	Extra Help	\$25,000	\$17,000	(\$8,000)	\$500	(\$24,500)
861107	Benefit cashout	\$2,000	\$0	(\$2,000)	\$0	(\$2,000)
861201	Co. Contribution Retirement Sys	\$26,100	\$26,100	\$0	\$37,000	\$10,900
861202	Co Contribution OASDI	\$10,000	\$12,000	\$2,000	\$17,200	\$7,200
861203	Medicare Tax	\$2,500	\$3,100	\$600	\$4,500	\$2,000
861400	Co Contr Unemployment Ins	\$1,500	\$1,500	\$0	\$1,500	\$0
861500	Workers' Compensation Ins	\$1,500	\$1,500	\$0	\$1,500	\$0
861600	Cafeteria Plan Benefits	\$30,215	\$35,000	\$4,785	\$50,634	\$20,419
	PERS incentive (salary savings)	\$33,905	\$0	(\$33,905)	\$0	(\$33,905)
	<b>Subtotal Salary and Benefits</b>	<b>\$287,720</b>	<b>\$251,200</b>	<b>(\$36,520)</b>	<b>\$345,834</b>	<b>\$58,114</b>
<b>SERVICES AND SUPPLIES</b>						
862090	Communications	\$1,250	\$2,184	\$934	\$2,184	\$934
862202	Insurance Public Liability	\$1,000	\$1,000	\$0	\$1,000	\$0
86-2271	Maintenance-Equipment	\$800	\$500	(\$300)	\$500	(\$300)
862330	Memberships	\$2,300	\$2,464	\$164	\$2,464	\$164
862390	Office Expense	\$1,000	\$800	(\$200)	\$800	(\$200)
862391	Office Expense - Postage	\$400	\$400	\$0	\$400	\$0
862392	Office Expense - Printing	\$850	\$1,000	\$150	\$1,000	\$150
862422	Data Processing Services	\$8,000	\$6,500	(\$1,500)	\$6,500	(\$1,500)
862423	Legal Services	\$15,000	\$8,000	(\$7,000)	\$8,000	(\$7,000)
862429	Professional & Special Services	\$14,000	\$56,620	\$42,620	\$15,000	\$1,000
862460	Publishing & Legal Notices	\$1,200	\$1,000	(\$200)	\$1,000	(\$200)
86-2491	Rents & Leases - Equipment	\$2,000	\$1,500	(\$500)	\$1,500	(\$500)
862495	Records Storage - Archives	\$400	\$400	\$0	\$400	\$0
862520	Small Tools & Minor Equipment	\$500	\$500	\$0	\$500	\$0
862548	Training Expense	\$4,000	\$8,000	\$4,000	\$9,600	\$5,600
862559	Special Departmental Exp	\$100	\$100	\$0	\$100	\$0
862610	Transportation & Travel	\$6,000	\$1,500	(\$4,500)	\$1,000	(\$5,000)
	<b>Subtotal Services and Supplies</b>	<b>\$58,800</b>	<b>\$92,468</b>	<b>\$33,668</b>	<b>\$51,948</b>	<b>(\$6,852)</b>
	<b>TOTAL GROSS APPROPRIATION</b>	<b>\$346,520</b>	<b>\$343,668</b>	<b>-\$2,852</b>	<b>\$397,782</b>	<b>\$51,262</b>

**Proposed 2011-12 Yolo LAFCO Budget**

Attachment A

ACCOUNT	BUDGET CLASSIFICATION	Adopted Budget 2010-11	Proposed Budget 2011-12 (Alternative 1)	Difference from 2010-11	Proposed Budget 2011-12 (Alternative 2)	Difference from 2010-11
<b>REVENUES</b>						
	Interest Revenue	\$1,000	\$350	(\$650)	\$351	(\$649)
	Carry Forward one-time costs	\$20,000	\$25,000	\$5,000	\$45,000	\$25,000
825820	County Contribution	\$161,750	\$157,159	(\$4,591)	\$174,216	\$12,466
825821	West Sacramento Contribution	\$52,488	\$51,077	(\$1,411)	\$56,620	\$4,132
825822	Woodland Contribution	\$47,716	\$44,476	(\$3,240)	\$49,303	\$1,587
825823	Winters Contribution	\$5,176	\$4,715	(\$461)	\$5,226	\$50
825824	Davis Contribution	\$56,370	\$56,892	\$522	\$63,066	\$6,696
826225	LAFCO Fees	\$2,000	4,000	\$2,000	\$4,000	\$2,000
827600	Other Sales	\$20	\$0	(\$20)	\$0	-\$20
	<b>TOTAL REVENUES</b>	<b>\$346,520</b>	<b>\$343,668</b>	<b>(\$2,852)</b>	<b>\$397,782</b>	<b>\$51,262</b>
<b>FUND BALANCE</b>						
	Fund Balance carry forward	\$112,400	\$90,500	(\$21,900)	\$90,500	(\$21,900)
	Equip/training (carry forward)	\$0	\$0	\$0	\$0	0
	Professional Services (carry forw)	\$0	\$0	\$0	\$0	0
<b>86-9990</b>	PERS incentive**	(\$33,905)	\$0	\$33,905	\$0	\$33,905
	Estimated XTO/Furlough savings	\$6,000	\$14,086	\$8,086	\$21,825	\$6,890
	Expenditure offset (carry forward)	(\$20,000)	(\$25,000)	(\$5,000)	(\$45,000)	(\$25,000)
	<b>TOTAL FUND BALANCE</b>	<b>\$64,495</b>	<b>\$79,586</b>	<b>\$15,091</b>	<b>\$67,325</b>	<b>\$2,830</b>



