

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

From: Elizabeth Castro Kemper, Executive Officer

Date: April 28, 2008

Subject: Consider Proposed 2008-09 Budget for the Yolo County LAFCO

## **Recommended Action**

1. Open the public hearing for comments on the proposed 2008-09 Yolo County LAFCO budget.
2. After Commission and public input on the proposed budget, close the public hearing, provide staff direction, and set May 12, 2008, to consider approving the final budget for fiscal year 2008-09.

## **Fiscal Impact**

The net proposed budget reflects an overall decrease of 15% due to the reduction of one-time expenses and revenues for contract costs from 2007-08. In particular, the professional services account is recommended for a 69% reduction due to the partial completion and payment of contracts for city municipal service reviews and sphere of influence studies. However, LAFCO staff salaries and benefits have increased about 15% due to anticipated full staffing in LAFCO for the year and negotiated equity, benefits and merit increases for the existing positions. The remainder of the costs is relatively stable.

## **Reason for Recommended Action**

The proposed LAFCO budget provides adequate funding for the Yolo LAFCO to meet the responsibilities of the Cortese-Knox-Hertzberg Act. The next two years should be seen as a transitional process as changes in staffing, such as the retirement of the Executive Officer, provide an opportunity to better address the future of LAFCO in Yolo County. The Yolo County LAFCO adopts its own budget with notice to all affected cities, special districts and the County of Yolo.

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### **COMMISSIONERS**

*★ Public Member Olin Woods, Chair ★  
★ County Member Matt Rexroad, Vice Chair ★  
★ City Members Tom McMasters-Stone, William Kristoff ★ County Member Helen M. Thomson ★*

### **ALTERNATE COMMISSIONERS**

*★ Public Member Robert Ramming ★ City Member Stephen Souza ★ County Member Mariko Yamada ★*

### **STAFF**

*★ Executive Officer Elizabeth Castro Kemper ★ Senior Management Analyst Elisa Carvalho ★  
★ Commission Counsel Stephen Nocita ★ Commission Clerk Terri Tuck ★*

## **Background**

The attached document projects expenditures and revenues for the next fiscal year. This proposed budget maintains existing staffing levels for LAFCO daily work, ongoing proposals and special studies such as policy review, municipal service reviews (MSR) and spheres of influence. LAFCO's throughout the state were directed to complete the municipal service reviews and update the sphere of influence studies for all 4 cities and 54 special districts by 2008. Three of the city sphere studies are in preparation: Davis, Winters and West Sacramento. There are seven outstanding district sphere studies currently under way, four of which will be done in tandem with the draft city sphere studies. Two of the remaining three district sphere studies are being completed in-house while the third is being prepared by a consultant.

LAFCO staff has already begun preparing for the next phase of LAFCO sphere reviews. In this case we have begun discussion with districts and public groups in the Esparto, Madison and Capay Valley area concerning organizational structures and service expectations. Also, a review of the Woodland Sphere of Influence and the surrounding areas will also be in order. Additionally, the release of the draft Yolo County General Plan will raise substantial issues concerning the provision of adequate services in expanding population centers, such as Dunnigan.

Yolo LAFCO continues to receive applications for boundary changes from throughout the county and special requests from individuals and public entities concerning the physical and organizational aspects of various public agencies. In particular, out of agency service requests are common.

The Commission adopted a work plan for the upcoming fiscal year on February 25, 2008.

## **Expenditures**

**Salaries and Benefits** - The salary and benefit accounts reflect salaries for three employees. The employee costs are paid by LAFCO into a county budget (298-1) because staff is technically county personnel. Salary cost of living increases negotiated for county employees, plus equity adjustments for specific positions are included in these estimates. The County Administrator's Office also pays into the LAFCO staff budget to pay for the time the Executive Officer performs county responsibilities as a Principal Management Analyst (PMA). The amount allocated for reimbursement to the LAFCO budget reflects a slight increase due to increased salary costs.

Yolo LAFCO staff includes an analyst 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. The analyst prepares special studies, including municipal service reviews and spheres of influence studies, researches specific boundary change proposals and meets with individuals, as well as appropriate public and private entities. The Executive Officer oversees staff, works with the Commission concerning policy, special projects and studies and recommendations for all LAFCO projects, in addition to special studies and providing outreach to the public.

The proposed budget recommends the use of carry forward funds to off-set \$20,000 of the \$36,264 increased costs in salary and benefits in the coming year. In addition, \$1,500 has been suggested for the hiring of a college student intern for a school quarter to prepare a special district directory for public use and various other small projects.

This stop-gap measure of using one-time funds is modeled on the County of Yolo approach using one-time funds to bridge the gap between increased costs and decreased revenues. This approach may also be needed to a lesser extent in fiscal year 2009-10, depending on the state of the economy. However, given the intent of the Executive Officer to retire in early 2010, staff costs should be reduced during that year.

**Professional Services** - This services and supplies account reflects a major decrease over last years' appropriation. The decrease reflects the partial completion of contracted work for the municipal service reviews and sphere of influence studies for the remaining three cities and the Madison Community Services District. The status of the four contracts is as follows:

- **Madison Community Services District** – Michael Brandman and Associates (MBA). The consultant has reassigned staff to this project after the first associate left the agency. Expectations are that a revised draft for public review will be available in mid-May and Commission action will be possible at the June meeting.

Contract cost: \$16,600 (paid to date - \$ 12,467)

- **City of Davis** – Pacific Municipal Consultants (PMC). Draft municipal service review, sphere of influence and initial study are still under public review. The expectation is that a final document should be approved before the end of this fiscal year.

Contract cost: \$ 30,200 (paid to date - \$ 15,200)

- **City of Winters** – Design, Community & Environment (DCE). An administrative draft for both the municipal service review and sphere of influence are in the internal review stage with Winters and LAFCO staff. A draft study is expected to be completed in time for receipt of a public draft by June with adoption of the final early next fiscal year.

Contract cost: \$ 26,940 (paid to date – none)

- **City of West Sacramento** – Winzler & Kelly (W & K). The municipal service review and sphere of influence document was originally to be financed by the proponents of the University Park project (now known as Vino del Lago). However, continued delays in the release of the environmental document for that project prevented that funding from proceeding. The Yolo LAFCO commission authorized staff to proceed with selection of a consultant for the city studies, because appropriations were sufficient within the LAFCO budget for a fourth contract. The consultant has met with West Sacramento and LAFCO staff and is currently preparing the administrative draft.

Contract cost: \$ 29,500 (paid to date – none)

The four contracts total \$103,240 in cost. Appropriations of \$150,000 were budgeted for the consultants with \$100,000 anticipated to be paid from Yolo LAFCO carry forward funds in fiscal year 2007-08. It is estimated \$ 70,000 total will be paid to the consultants by the close of this fiscal year. The remainder of \$33,240 will be paid in the 2008-09 fiscal year upon completion and approval of the studies.

There is also some incidental cost included in the professional services account to complete the conversion of electronic record storage for LAFCO to the SIRE system.

**Training and Equipment** – Mapping is a significant component of LAFCO’s work and responsibilities. This budget recommends instituting Geographic Information System (GIS) mapping software in the LAFCO office. It also includes providing training and education to insure LAFCO staff would have the expertise to become self-sufficient in preparing maps for the various documents, proposals and projects required by our workload. Currently, Yolo LAFCO relies on the County of Yolo GIS division, at an approximate cost of \$65 an hour, for mapping needs. Once this expertise is located in-house there will be a reduction in cost and an increase in efficiency and timeliness for map projects. The County GIS division has been very responsive to LAFCO needs, but at times other priorities hamper their ability to meet our deadlines. The \$10,000 estimated costs for software and training are recommended to be funded through the use of carry-forward funds. The Commission has previously authorized \$15,000 a year for this type of use.

**Revenues**

**County and City Shares**

The table below summarizes the budget formula to determine the amount to be split by the participating entities.

Salary and Benefits (S&B)	\$326,466
Less County Share of S&B (40% of PMA)	<u>(\$50,000)</u>
Net LAFCO staff cost	\$276,466
LAFCO Services and Supplies (including contract costs)	<u>\$ 89,764</u>
LAFCO Budget Share (with interest & sales revenues)	\$362,680
LAFCO contribution from carry forward	(\$66,500)
Total for City/County split	\$296,180
County/LAFCO Share ÷ 2	\$148,090

In the proposed budget, the cities and county 50% share for the LAFCO budget is \$148,090, a 9% increase from \$136,326 in 2007-08. This increase is primarily reflective of an increase in staff costs due to a full year of staffing, merit and equity increases for the positions to remain competitive with comparable agencies.

The numbers for each city vary from the previous year due to changes in their overall revenue percentage. The latest report from the state controller’s office for the cities share is FY 2004-05.

By state law, the cities and County split the cost of LAFCO 50/50. The 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 current 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 State Controller general tax revenue numbers and determines the percentage each of the four cities represents of the total. Then the percentage for the population of each city in the county is calculated of the combined State Controller estimate. The population shares are averaged with the general tax revenue percentages and the resulting percentage share will be the number applied to determine each city's share of the Yolo LAFCO budget.

City	State Controller FY 04-05 General Tax Revenues	FY 07-08 Revenue Share	State Controller Est. 6/30/05 Population	FY 07- 08 Population Share
Davis	\$ 25,935,325	30.9%	64,401	39.0%
West Sacramento	\$ 29,325,593	34.9%	40,206	24.4%
Winters	\$ 2,143,077	2.6%	6,979	4.2%
Woodland	\$ 26,533,492	31.6%	53,382	32.4%
Totals	\$ 83,937,487	100%	164,968	100%

## City Percentage Share of 07-08 LAFCO Budget

CITY	% Share of Revenues	% Share of Population	Average % Share of Rev & Pop	Total Share
Davis	30.9%	39.0%	34.95%	\$51,757
West Sacramento	34.9%	24.4%	29.65%	\$43,909
Winters	2.6%	4.2%	3.4%	\$5,035
Woodland	31.6%	32.4%	32.0%	\$47,389
Totals	100.0%	100.0%	100.0%	\$148,090

The County of Yolo will pay a full \$148,090 for their share under state law, plus reimburse LAFCO for staff time, primarily for the Executive Officer as a principal management analyst.

### Contingencies

In the past several years, the Yolo County LAFCO has opted to maintain a contingency fund for one-time expenses such as purchase of equipment or consulting services. As noted earlier in this memo studies for the Madison CSD and the cities of Davis, Winters and West Sacramento are ongoing for municipal services review and sphere of influence projects.

In fiscal year 2008-09 it is recommended that a portion of carry forward funds that have been accumulated be used to: 1) partially off-set unanticipated increases to salaries and benefits; 2) provide one-time revenue to fund the remainder of the contracts begun in fiscal year 2007-08; 3) fund one-time expenses to purchase software and staff training for Geographical Impact System implementation. The use of carry forward is estimated at \$66,500 for 2008-09.

### **Alternative Options**

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

1. Eliminate the set aside allocation to contingency of \$10,000, which will, in turn reduce the cost to the county and cities by \$10,000 (\$5,000 each).
2. Adjust the anticipated professional services account amount to be transferred from carry forward to a higher amount to better address unforeseen special study costs.
3. Defer the GIS software and training to future years and continue paying the County of Yolo charges as needed, the Commission may then either maintain the carry forward balance or allocate the \$10,000 to revenue and reduce the county and cities share by another \$ 5,000 each.

### **Conclusion**

The LAFCO budget has increased due to negotiated salary equity and benefit increases, as well as an anticipated full year of incumbent staff. The remainder of the 2007-08 fiscal year as well as the first quarter of the 2008-09 fiscal year is projected to be fully engaged with completion of municipal service reviews, spheres of influence, and change of boundary proposals. In addition, special studies, reevaluations of completed sphere studies and public forums on community action are anticipated in the next phase of review. The services and supplies expenditures are basically stable. Leases and maintenance continue due to the separation of LAFCO staff into their own unit. The projected cost for GIS implementation is the next phase of that separation from the County Administrator's Office. Other costs have been reduced due to office efficiencies, such as in office supplies and legal publications that reflect actual costs.

Another consideration in this budget is that within the next two years the Executive Officer intends to retire. Given that proposed change in staffing the next two budgets are appropriate opportunities to work toward succession planning and office structure.

### **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.

Attachment: Proposed Yolo County LAFCO 2008-09 Budget

**Yolo County Local Agency Formation Commission  
PROPOSED 2008-09 BUDGET**

ACCOUNT	BUDGET CLASSIFICATION	Final Budget 2007-08	Proposed Budget 2008-09	Change 08-09 from 07-08
<b>SALARY AND BENEFITS</b>				
861101	Regular Employees	\$191,052	\$220,724	\$29,672
861102	Extra Help	\$1,500	\$1,500	\$0
861107	Benefit cashout	\$2,000	\$2,000	\$0
861201	Co. Contribution Retirement Sys	\$32,483	\$40,400	\$7,917
861202	Co Contribution OASDI	\$12,431	\$13,999	\$1,568
861203	Medicare Tax	\$3,109	\$3,521	\$412
861400	Co Contr Unemployment Ins	\$500	\$500	\$0
861500	Workers' Compensation Ins	\$1,000	\$1,000	\$0
861600	Other Fringe Benefits	\$41,127	\$42,822	\$1,695
86-1999	Salary Transfer Reimbursement	-\$45,000	-\$50,000	-\$5,000
	<b>Subtotal Salary and Benefits</b>	<b>\$240,202</b>	<b>\$276,466</b>	<b>\$36,264</b>
<b>SERVICES AND SUPPLIES</b>				
862090	Communications	\$1,000	\$1,250	\$250
862202	Insurance Public Liability	\$500	\$1,000	\$500
86-2271	Maintenance-Equipment	\$0	\$800	\$800
862330	Memberships	\$1,400	\$2,065	\$665
862390	Office Expense	\$1,500	\$1,250	-\$250
862391	Office Expense - Postage	\$500	\$350	-\$150
862392	Office Expense - Printing	\$1,200	\$1,000	-\$200
862422	Data Processing Services	\$2,500	\$2,000	-\$500
862423	Legal Services	\$12,500	\$14,000	\$1,500
862429	Professional & Special Services	\$160,000	\$50,000	-\$110,000
862460	Publishing & Legal Notices	\$2,000	\$1,200	-\$800
86-2491	Rents & Leases - Equipment	\$0	\$1,900	\$1,900
862495	Records Storage - Archives	\$750	\$399	-\$351
862520	Small Tools & Minor Equipment	\$2,000	\$1,750	-\$250
862548	Training Expense	\$500	\$4,700	\$4,200
862559	Special Departmental Exp	\$100	\$100	\$0
862610	Transportation & Travel	\$6,000	\$6,000	\$0
	<b>Subtotal Services and Supplies</b>	<b>\$192,450</b>	<b>\$89,764</b>	<b>-\$102,686</b>
	<b>TOTAL GROSS APPROPRIATION</b>	<b>\$432,652</b>	<b>\$366,230</b>	<b>(\$66,422)</b>

**Proposed 2008-09 Yolo LAFCO Budget**

<b>ACCOUNT</b>	<b>BUDGET CLASSIFICATION</b>	<b>Final Budget 2007-08</b>	<b>Proposed Budget 2008-09</b>	<b>Change 08-09 from 07-08</b>
<b>REVENUES</b>				
	County Share	\$136,326	\$148,090	\$11,764
	Interest Revenue	\$2,500	\$3,500	\$1,000
	Carry Forward one-time costs	\$100,000	\$66,500	-\$33,500
825800	Other Governmental Agencies	\$136,326	\$148,090	\$11,764
826225	LAFCO Fees	\$72,000	\$10,000	-\$62,000
827600	Other Sales	\$100	\$50	-\$50
	Allocate to Contingency	-\$14,600	-\$10,000	\$4,600
	<b>TOTAL REVENUES</b>	<b>\$432,652</b>	<b>\$366,230</b>	<b>-\$66,422</b>
<b>FUND BALANCE</b>				
	Fund Balance carry forward	\$192,000	\$121,740	-\$70,260
	Equip/training (carry forward)	\$0	-\$10,000	-\$10,000
	Professional Services (carry forw)	-\$70,260	-\$35,000	\$35,260
	Salary offset (carry forward)	\$0	-\$21,500	-\$21,500
	<b>TOTAL FUND BALANCE</b>	<b>\$121,740</b>	<b>\$55,240</b>	<b>-\$66,500</b>

April 28, 2008