

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

From: Elizabeth Castro Kemper, Executive Officer

Date: February 23, 2009

Subject: Consider Proposed 2009-10 Budget and proposed succession planning options
for the Yolo County LAFCO

Recommended Action

1. Receive and consider the proposed budget, report and options provided to the Commission concerning transition and succession planning for the 2009-10 fiscal year.
2. Open the public hearing for comments on the proposed 2009-10 Yolo County LAFCO budget.
3. After Commission and public input on the proposed budget, close the public hearing, provide staff direction, and set April 20, 2009 as a public hearing to consider approving the final budget for fiscal year 2009-10.

Fiscal Impact

The impact will be determined by the decision the Commission makes on the choice of transitional budget for the coming fiscal years. Two options are described by staff in this report and the Commission may direct staff to investigate other alternatives to pursue.

Reason for Recommended Action

The proposed LAFCO budget provides two alternative options for the Yolo LAFCO 2009-10 fiscal year. Either option would allow the staff to provide adequate support to the Commission to meet the responsibilities of the Cortese-Knox-Hertzberg Act. The next two years are a transitional period as changes in staffing, such as the retirement of the current Executive Officer, and the economy provide an opportunity to reconfigure how the Yolo LAFCO can best address its mission and maintain the adopted core values (see Attachment A). 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 ★ Senior Management Analyst Elisa Carvalho ★

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

Background

The proposed budget provides two options from which the Commission may select or create an alternate approach for fiscal year 2009-10. The two approaches both reflect the intent of the incumbent Executive Officer to retire at the end of calendar year 2009. Both options include salary for the Executive Officer for the first half of next fiscal year. Option 1 maintains the Executive Officer as extra help for the second half of 2009-10 at 25% time. This option could be extended an additional year, if the Commission finds it acceptable. Option 2 would have the incumbent Executive Officer retire at the end of 2009 after completing a recruitment and hire of a new Executive Officer under the Commission's oversight.

Option 1 would result in a decrease in expenditures for the LAFCO budget of 13%. This is due to reduced salary cost of the Executive Officer in the second half of the fiscal year and a reduction in professional services. The reduction in professional services results from the completion of spheres of influence studies by outside consultants and the intent that planned studies will be prepared in-house.

Under this option, the revenue side of the budget includes a \$30,000 one-time infusion from existing cash from the previous years carry forward. With the cash infusion, city and county contributions increase \$14,437 each (10%), without the cash infusion the contributions from the cities and county would increase \$29,437 (20%) each. In addition, the Yolo LAFCO will no longer receive payment for the work the current Executive Officer performs for the County Administrator's Office. Rather, the Executive Officer will be able to devote complete attention to Yolo LAFCO priorities. In effect the County will be paying less to LAFCO overall because they will only pay their share of the total budget rather than an additional amount for analyst staff time. The analyst staff time was budgeted as \$50,000 revenue in the 2008-09 budget.

Option 2 would decrease the Yolo LAFCO appropriations budget by \$ 4,613 over 2008-09 (1%). This decrease is caused by the reduction in professional service costs off setting the increase in the full year of Executive Officer salary costs. On the revenue side, the loss of county revenue for staff analyst time is partially off-set by a recommended \$40,000 carry forward contribution. In subsequent years the carry-forward should be reduced and the city and county shares will need to be increased. In Option 2, the city and county shares would increase \$22,019 (15%) each in 2009-10 over the 2008-09 contribution. If the carry forward is not applied, the increase to the city and county shares increase 28% over 2008-09.

Attachment B outlines the two options described compared against the existing 2008-09 budget. The proposed budget maintains similar staffing levels for LAFCO daily work, ongoing proposals and special studies such as policy review, municipal service reviews (MSR) and spheres of influence. Yolo LAFCO will complete the municipal service reviews and update the sphere of influence studies for all 4 cities and 54 special districts by the end of fiscal year 2008-09. However, staff has already begun reviews and updates of the studies prepared five years ago. In addition, several special studies will be undertaken in the coming year including the Western Yolo Park and Recreation study, the consolidation of the West Sacramento Reclamation Districts and consideration of spheres of influence for multiple same service special districts as combined units. The City of Woodland's municipal service review and sphere of influence will also be reviewed and updated. All these studies, plus any received applications for boundary changes,

will be prepared and completed in-house. Additionally, the release of the draft Yolo County General Plan may raise substantial issues concerning the provision of adequate services in expanding population centers, such as Dunnigan.

During the current economic downturn it is appropriate to evaluate possible improved efficiencies that may be available to existing entities. LAFCO staff has the expertise to meet with the public, research options and organization approaches and make recommendations to the Commission for action. Although actual application numbers may be reduced due to the economy, there is sufficient workload to address innovative, and in some cases, overdue, actions to improve local government structure and responsibilities.

EXPENDITURES

Salaries and Benefits - The salary and benefit accounts reflect costs 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 are included in the projections for 2009-10. In previous years the Executive Officer performed county responsibilities as a Principal Management Analyst. Fiscal year 2009-10 will be the first year that all three staff will be fully committed to LAFCO work.

Yolo LAFCO staff includes the Executive Officer, senior management 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. She is also the web master for the Yolo LAFCO website. 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. She has also recently trained in the geographical information system so that she can independently prepare and research LAFCO related maps. The Executive Officer oversees staff, works with the Commission concerning policy, works with the public and special districts on special projects. She and the LAFCO analyst 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. Historically the Executive Officer has dedicated about 50% time to LAFCO work, although depending on workload extra hours were required to maintain appropriate and timely outcomes.

The primary difference between Option 1 and Option 2 as outlined in Attachment B is the Executive Officer position. As described previously, both Options 1 and 2 allow for the current incumbent as a full-time employee through the end of the calendar year. Option 1 provides funds for the balance of the year for the current Executive Officer to work as a part-time, extra-help employee at 25% time. The recommendation would be the senior analyst would be the Assistant Executive Officer, expanding her current role under the mentorship and oversight of the Executive Officer in financial and policy related areas. In turn, the Commission Clerk would continue to increase her duties in fiscal responsibilities as well as analytical areas. Review of this staff structure could be reviewed by the Commission at appropriate intervals, probably 6 months and one year, in anticipation of the budget review for 2010-11. In Option 2, the incumbent Executive Officer retires at the end of calendar year 2009 after recruiting for a new Executive Officer to begin work at the start of 2010. The cost differences between the two options are

outlined in Attachment B. The Commission may direct staff to prepare and return with additional options, or variations, to consider at the next budget hearing.

Services and Supplies – Expenditures in these accounts are reduced in several areas, in particular the professional services account. The expenditures for GIS training, consultants and GIS equipment are reduced in the coming year, having been one-time expenses covered by carry-forward funds. Minor increases in a few accounts are compensated through the larger reductions. Legal services are budgeted higher than the previous year to reflect the new legal counsel contracts with outside 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 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. At present, the latest report from the state controller's office for the cities share is FY 2005-06.

City	State Controller FY 05-06 General Tax Revenues	FY 07-08 Revenue Share	State Controller Est. 6/30/06 Population	FY 07- 08 Population Share
Davis	\$ 34,737,879	33.1%	64,585	38.5%
West Sacramento	\$ 37,441,288	35.6%	43,183	25.8%
Winters	\$ 2,246,457	2.1%	6,867	4.1%
Woodland	\$ 30,620,898	29.2%	52,972	31.6%
Totals	\$ 105,046,522	100%	167,607	100%

City Percentage Share of 07-08 LAFCO Budget – Option 1

CITY	% Share of Revenues	% Share of Population	Average % Share of Rev & Pop	Total Share
Davis	33.1%	38.5%	35.80%	\$58,052
West Sacramento	35.6%	25.8%	30.70%	\$49,782
Winters	2.1%	4.1%	3.1%	\$5,027
Woodland	29.2%	31.6%	30.4%	\$49,296
Totals	100.0%	100.0%	100.0%	\$162,157

City Percentage Share of 07-08 LAFCO Budget – Option 2

CITY	% Share of Revenues	% Share of Population	Average % Share of Rev & Pop	Total Share
Davis	33.1%	38.5%	35.80%	\$66,067
West Sacramento	35.6%	25.8%	30.70%	\$56,656
Winters	2.1%	4.1%	3.1%	\$5,721
Woodland	29.2%	31.6%	30.4%	\$56,102
Totals	100.0%	100.0%	100.0%	\$184,546

The County of Yolo will pay either the full \$162,157 or \$184,546 for their share under state law, depending on the Commissions decision. The County will no longer receive services from LAFCO analyst staff for which they pay actual cost. This cost was budgeted as up to an additional \$50,000 annually.

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. In fiscal year 2009-10 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; 2) provide one-time revenue to partially off-set the loss of county revenue for previous analyst staff time. The use of \$30,000 in carry forward for Option 1 will leave about \$78,400 in contingencies. Option 2 use of \$40,000 will provide a balance of \$68,400. The Commission may decide to use more, or less, carry-forward. The recommendation to use carry forward is an attempt to provide a cushioning effect for the 2009-10 loss of revenue for the contributing agencies this year and in fiscal year 2010 -11.

Alternative Options

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

1. Adjust the amount of carry forward used in either of the two Options provided.
2. Investigate the availability of retiring Executive Officer to provide support more than 25% time in 2009-10 and adjust costs accordingly.
3. Direct staff to report back to the Commission on the status of staff structure 6 months after approval of the final budget.
4. Direct staff to reevaluate existing expenditures and revenues as proposed in Options 1 and 2 and return to the Commission with updated figures based on any Commission concerns at the next budget hearing.

Conclusion

Actual expenditures are reduced for the proposed 2009-10 Yolo LAFCO budget in either option. However, revenues are also reduced due to economy issues and the elimination of county payment to LAFCO for the Executive Officer to provide part-time analyst work for the County

Administrator. The retirement of the incumbent Executive Officer at the end of the year provides an opportunity for the Commission to plan for the next several years. The incumbent is willing to help transition over a two year period, if the Commission believes this would be valuable. This transition will allow either a new staff structure or an Executive Officer while the economy recovers and Yolo LAFCO accomplishes special studies to help local special districts explore possible improvements to their organizational structures. Existing staff has been trained and responded well to increased responsibilities and expectations over the year the Executive Officer has been planning for retirement. The budget as described in Option 1 should be an excellent approach to allow the Commission time to assess the LAFCO structure while still providing solid and valuable staff work for the community. Option 2 is also a viable alternative.

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 2009-10 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 County Local Agency Formation Commission Draft 2009-10 BUDGET

ACCOUNT	BUDGET CLASSIFICATION	Final Budget 2008-09	Transitional (P/T EO) Budget 2009-10	Difference w/EO PT Ex Hlp from 2008-09	Transition - incumb EO/new EO	Difference w/new EO from 2008-09
SALARY AND BENEFITS						
861101	Regular Employees	\$220,724	\$190,607	-\$30,117	\$239,846	\$19,122
861102	Extra Help	\$1,500	\$22,500	\$21,000	\$3,000	\$1,500
861107	Benefit cashout	\$2,000	\$2,000	\$0	\$2,000	\$0
861201	Co. Contribution Retirement Sys	\$40,400	\$26,100	-\$14,300	\$33,600	-\$6,800
861202	Co Contribution OASDI	\$13,999	\$14,229	\$230	\$17,391	\$3,392
861203	Medicare Tax	\$3,521	\$5,021	\$1,500	\$6,521	\$3,000
861400	Co Contr Unemployment Ins	\$500	\$1,000	\$500	\$1,000	\$500
861500	Workers' Compensation Ins	\$1,000	\$1,500	\$500	\$1,500	\$500
861600	Other Fringe Benefits	\$42,822	\$35,822	-\$7,000	\$42,959	\$137
	Subtotal Salary and Benefits	\$326,466	\$298,779	-\$27,687	\$347,817	\$21,351
SERVICES AND SUPPLIES						
862090	Communications	\$1,250	\$1,250	\$0	\$1,250	\$0
862202	Insurance Public Liability	\$1,000	\$1,000	\$0	\$1,000	\$0
86-2271	Maintenance-Equipment	\$800	\$800	\$0	\$800	\$0
862330	Memberships	\$2,065	\$2,300	\$235	\$2,300	\$235
862390	Office Expense	\$1,250	\$1,000	-\$250	\$1,000	-\$250
862391	Office Expense - Postage	\$350	\$400	\$50	\$400	\$50
862392	Office Expense - Printing	\$1,000	\$850	-\$150	\$850	-\$150
862422	Data Processing Services	\$2,000	\$1,000	-\$1,000	\$1,000	-\$1,000
862423	Legal Services	\$14,000	\$25,000	\$11,000	\$25,000	\$11,000
862429	Professional & Special Services	\$50,000	\$15,000	-\$35,000	\$15,000	-\$35,000
862460	Publishing & Legal Notices	\$1,200	\$1,200	\$0	\$1,200	\$0
86-2491	Rents & Leases - Equipment	\$1,900	\$2,000	\$100	\$2,000	\$100
862495	Records Storage - Archives	\$399	\$450	\$51	\$450	\$51
862520	Small Tools & Minor Equipment	\$1,750	\$750	-\$1,000	\$750	-\$1,000
862548	Training Expense	\$4,700	\$4,700	\$0	\$4,700	\$0
862559	Special Departmental Exp	\$100	\$100	\$0	\$100	\$0
862610	Transportation & Travel	\$6,000	\$6,000	\$0	\$6,000	\$0
	Subtotal Services and Supplies	\$89,764	\$63,800	(\$25,964)	\$63,800	(\$25,964)
	TOTAL GROSS APPROPRIATION	\$416,230	\$362,579	(\$53,651)	\$411,617	(\$4,613)

DRAFT 2009-10 Yolo LAFCO Budget

Attachment B

ACCOUNT	BUDGET CLASSIFICATION	Approved 08-09 budget	Proposed 09-10	EK P/T	FT EO - 1/2 year	FT EO 1/2 Difference
REVENUES						
	County Share	\$148,090	\$162,527	\$14,437	\$184,546	\$22,019
	Interest Revenue	\$3,500	\$2,500	-\$1,000	\$2,500	\$0
	Carry Forward one-time costs	\$66,500	\$35,000	-\$31,500	\$40,000	\$5,000
825800	Other Governmental Agencies	\$148,090	\$162,527	\$14,437	\$184,546	\$22,019
	Other Income - Prof Services	\$50,000	\$0	-\$50,000	\$0	\$0
826225	LAFCO Fees	\$10,000	\$2,500	-\$7,500	\$2,500	\$0
827600	Other Sales	\$50	\$25	-\$25	\$25	\$0
	Allocate to Contingency	-\$10,000	-\$2,500	\$7,500	-\$2,500	\$0
	TOTAL REVENUES	\$416,230	\$362,579	-\$53,651	\$411,617	\$49,038
FUND BALANCE						
	Fund Balance carry forward	\$189,900	\$108,400		\$108,400	
	Equip/training (carry forward)	-\$10,000	\$0		\$0	
Transfer to	Professional Services (carry forw)	-\$50,000	\$0		\$0	
	Salary offset (carry forward)	-\$21,500	-\$30,000		-\$40,000	
	TOTAL FUND BALANCE	\$108,400	\$78,400		\$68,400	
February 23, 2009						