

# LAFCO

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

FROM: Elizabeth Castro Kemper, Executive Officer

DATE: February 23, 2009

SUBJECT: Cost of Independence for Yolo LAFCO

## Recommended Action

Accept this report on the comparison of costs between a dependent and independent LAFCO.

## Fiscal Impact

The conclusion of the report is that independence would add approximately a 30% increase in cost. This would result in the need of contributing agencies to increase their share of annual payment.

## Reason for Recommended Action

The Commission requested a concise report on the costs of the Yolo LAFCO becoming independent of the county structure.

## Background

Staff was directed, by Commission consensus, on September 22, 2008, to return after the first of the year with a short analysis on the costs of the Yolo LAFCO becoming administratively independent. The major differences between the two scenarios are physical costs (rent, telephone, computer support, etc.) and the availability of an in-place administrative support system (payroll, personnel, fiscal system, etc). Attachment A depicts the two separate scenarios using the current fiscal year of 2008-09 as the base. The comparison reflects an increased cost of independence of about 34%.

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### **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 ★*

Current Status – The Yolo LAFCO staff of three employees is currently housed in the Yolo County administrative building in Woodland. An annual payment ranging from \$8,000 to \$12,000 is made to the county for overhead costs. These costs include housing, utilities, facility maintenance, information technology, payroll, personnel and other fiscal and support services. The cost reflects an overhead charge for the use of services for the year. The 3 employees are county employees and receive the salary and benefits as set by the county system. The administrative structure of the LAFCO office is obligated to adhere to the county administrative rules, such as those controlling purchases, travel, personnel and financial systems.

Independent Status – The primary difference in the case of Yolo LAFCO for the independent scenario is location. Estimates for a private office space similar to the current facility would be about \$16,000 yearly for rent. This estimate is based on local commercial office space for 900 square feet at \$1.48 a square foot. This cost includes utilities, janitorial and parking. Additional costs would be incurred for changing telephone and computer systems, leasing a copier machine and acquiring a new web server system. In addition Yolo LAFCO would either negotiate to continue using the county fiscal, personnel and payroll systems or contract privately for payroll and provide internal fiscal and personnel systems. Attachment A reflects a cost for these contracts under professional services.

Although the Yolo LAFCO office would not be subject to the county systems, either physical or administrative, the staff in tandem with the Commission would have to create and institute those systems. In addition, LAFCO staff would become LAFCO employees. Retirement contracts would probably be renegotiated with PERS. Other personnel benefits such as vacation and sick leave would be transferred to LAFCO as the employer and negotiated in a separate agreement. Based on the experience of other LAFCO's there are actually very little changes in personnel costs due to this structure change.

However, although the Yolo LAFCO paid for a portion of the furniture currently used by staff it is unlikely it could be relocated to another building and so LAFCO would incur the cost of new furniture for the private office space (probably an approximate \$ 8,000 to \$10,000 cost). Upfront costs, incurred due to a move, could be covered through carry-forward funds (as demonstrated in Attachment A).

Conclusion – About half of the LAFCO's throughout the state are administratively independent from their county at this time. The reasons for the conversions to independent have ranged from a Commission's incentive to the county forcing the change. However, increased administrative costs will have to be provided by higher payments by the contributing agencies of the cities and county. At this time of staff transition and economic downturn it seems acceptable that LAFCO remain lodged within the county facilities. In the next year staff will have less direct connection with the county organization due to the Executive Officer providing only LAFCO work rather than sharing time with the CAO office. At present the relationship with the county remains amicable. Throughout the transition period staff can research more aspects of how LAFCO separation from the county systems would affect LAFCO operations and will report back to the LAFCO Commission to update any information.

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

ACCOUNT	BUDGET CLASSIFICATION	Final Budget 2008-09	Independent Fiscal Year
<b>SALARY AND BENEFITS</b>			
861101	Regular Employees	\$220,724	\$220,724
861102	Extra Help	\$1,500	\$1,500
861107	Benefit cashout	\$2,000	\$2,000
861201	Co. Contribution Retirement Sys	\$40,400	\$40,400
861202	Co Contribution OASDI	\$13,999	\$13,999
861203	Medicare Tax	\$3,521	\$3,521
861400	Co Contr Unemployment Ins	\$500	\$500
861500	Workers' Compensation Ins	\$1,000	\$1,000
861600	Other Fringe Benefits	\$42,822	\$42,822
86-1999	Salary Transfer Reimbursement	-\$50,000	\$0
	<b>Subtotal Salary and Benefits</b>	<b>\$276,466</b>	<b>\$326,466</b>
<b>SERVICES AND SUPPLIES</b>			
862090	Communications	\$1,250	\$2,000
862202	Insurance Public Liability	\$1,000	\$1,000
86-2271	Maintenance-Equipment	\$800	\$800
862330	Memberships	\$2,065	\$2,065
862390	Office Expense	\$1,250	\$1,000
862391	Office Expense - Postage	\$350	\$350
862392	Office Expense - Printing	\$1,000	\$1,000
862422	Data Processing Services	\$2,000	\$3,000
862423	Legal Services	\$14,000	\$25,000
862429	Professional & Special Services *	\$12,000	\$25,000
862460	Publishing & Legal Notices	\$1,200	\$1,200
86-2491	Rents & Leases - Equipment	\$1,900	\$1,900
	Facility Rent		\$16,000
862495	Records Storage - Archives	\$399	\$399
862520	Small Tools & Minor Equipment	\$1,750	\$2,000
862548	Training Expense	\$4,700	\$4,700
862559	Special Departmental Exp	\$100	\$100
862610	Transportation & Travel	\$6,000	\$6,000
	Furniture & equip purchase		\$20,000
	<b>Subtotal Services and Supplies</b>	<b>\$51,764</b>	<b>\$113,514</b>
	<b>TOTAL GROSS APPROPRIATION</b>	<b>\$328,230</b>	<b>\$439,980</b>

\* one time costs changed for comparison purposes

<b>COMPARISON 08-09 Yolo LAFCO Budget</b>			
<b>ACCOUNT</b>	<b>BUDGET CLASSIFICATION</b>	<b>Proposed Budget 2008-09</b>	<b>Independent Fiscal Year</b>
<b>REVENUES</b>			
	County Share	\$148,090	\$208,215
	Interest Revenue	\$3,500	\$3,500
	Carry Forward one-time costs *	\$28,500	\$20,000
825800	Other Governmental Agencies	\$148,090	\$208,215
826225	LAFCO Fees	\$10,000	\$10,000
827600	Other Sales	\$50	\$50
	Allocate to Contingency	-\$10,000	-\$10,000
	<b>TOTAL REVENUES</b>	<b>\$328,230</b>	<b>\$439,980</b>
* one time costs changed for comparison purposes			
<b>FUND BALANCE</b>			
	Fund Balance carry forward	\$121,740	\$121,740
	Equip/training (carry forward)	-\$7,000	-\$10,000
	Professional Services (carry forw)	\$0	-\$20,000
	Salary offset (carry forward)	-\$21,500	\$0
	<b>TOTAL FUND BALANCE</b>	<b>\$93,240</b>	<b>\$91,740</b>

February 23, 2009