



**San Diego County**  
**Local Agency Formation Commission**  
 Regional Service Planning | Subdivision of the State of California

**5d**

**AGENDA REPORT**  
 Consent | Action

June 1, 2020

**TO:** Commissioners

**FROM:** Keene Simonds, Executive Officer  
 Aleks Giragosian, Deputy Commission Counsel

**SUBJECT: Proposed Support Services Agreement with the County of San Diego**

**SUMMARY**

The San Diego County Local Agency Formation Commission (LAFCO) will consider approving a proposed support services agreement with the County of San Diego. The proposed agreement would replace a memorandum of understanding (MOU) from June 1974 and ancillary agreement and serves to memorialize and clarify existing support services provided by the County and reimbursed by LAFCO. Notable support services covered in the proposed agreement include payroll, employee benefit administration, treasury, and information technology. Staff recommends approval of the proposed agreement and ahead of the Board of Supervisors’ scheduled consideration on June 2, 2020.

**BACKGROUND**

**Existing MOU with the County of San Diego**

San Diego LAFCO’s existing MOU with the County of San Diego dates back to June 1974. The agreement establishes terms for the County to provide staffing services to the Commission through the Environmental Development Agency (predecessor to the Land Use and Environment Group). An ancillary agreement in February 1994 extends workers’ compensation benefits to cover LAFCO employees. No other support services currently provided by the County to LAFCO are addressed in writing.

<p><b>Administration</b>          Keene Simonds, Executive Officer          County Operations Center          9335 Hazard Way, Suite 200          San Diego, California 92123          T 858.614.7755 F 858.614.7766          www.sdlafco.org</p>	<p><b>Jim Desmond</b>          County of San Diego</p> <p><b>Chair Dianne Jacob</b>          County of San Diego</p> <p><b>Greg Cox, Alternate</b>          County of San Diego</p>	<p><b>Mary Casillas Salas</b>          City of Chula Vista</p> <p><b>Bill Wells</b>          City of El Cajon</p> <p><b>Paul McNamara, Alternate</b>          City of Imperial Beach</p>	<p><b>Mark Kersey</b>          City of San Diego</p> <p><b>Chris Cate, Alternate</b>          City of San Diego</p>	<p><b>Jo MacKenzie</b>          Vista Irrigation</p> <p><b>Barry Willis</b>          Alpine Fire Protection</p> <p><b>Erin Lump, Alternate</b>          Rincon del Diablo MWD</p>	<p><b>Vice Chair Andy Vanderlaan</b>          General Public</p> <p><b>Harry Mathis, Alternate</b>          General Public</p>
---	---	--	---	---	--

## Adopted Workplan | Updating the Current MOU with the County of San Diego

San Diego LAFCO's current workplan was adopted at a noticed hearing held on April 3, 2019 and outlines over two dozen project goals for the fiscal year. This includes an update and expansion to the Commission's existing MOU and ancillary agreement with the County of San Diego given the scope of the existing documents are limited and no longer reflects the true scale and scope of support services provided and needed.

### DISCUSSION

This item is for San Diego LAFCO to consider a proposed support services agreement with the County of San Diego with any desired changes. The proposed agreement has been prepared in consultation between Commission Counsel and County Counsel and takes aim at memorializing all current and needed support services provided by the County that collectively enable LAFCO's day-to-day business activities. An expanded discussion on key topics addressed in the proposed agreement follows and detailed as an attachment.

- Auditor-Controller Services  
The proposed agreement commits the Auditor-Controller to provide LAFCO with biweekly payroll – including withholdings and direct deposits – as well as issued year end W-2 forms. The Auditor-Controller also commits to providing LAFCO access and support to the County's enterprise resource planning databases (e.g. Oracle).
- General Services  
The proposed agreement provides LAFCO with access to all General Services amenities, including access to County facilities and meeting room. This also provides LAFCO with use of the vehicle pool.
- Human Resources Services  
The proposed agreement commits Human Resources to extend and administer County employee benefits (health and pension) to all LAFCO employees. Human Resources also commits to extend and administer workers compensation claim services to LAFCO.
- Information Technology (IT) Services  
The proposed agreement commits the County to extend and administer its contracted IT services to LAFCO. This includes providing network, database management, e-mail, catalog, and help-desk services.
- Treasurer Services  
The proposed agreement comments the Treasurer-Tax Collector to provide financial services to LAFCO. This includes banking and participating in the County's investment pool program with quarterly interest reports.

The proposed agreement provides most County services will be reimbursed by LAFCO by participating in the County's general cost-allocation plan. This plan is already applied to LAFCO – albeit outside a formal agreement – and apportions the County's general overhead costs to individual departments as well as non-county users, such as LAFCO. General overhead costs are based on billing users for past actuals over a two-year period with credits applied to subsequent billing as needed. LAFCO's cost-allocation for the current fiscal year is \$36,836 and adjusted to include a prior-year credit of \$6,038. Other services covered under the proposed agreement would be billed directly by individual departments – including IT services – and based either on an hourly charge or a department-specific allocation plan.

## **ANALYSIS**

The proposed agreement addresses San Diego LAFCO's need to formalize its existing and beneficial relationship with the County of San Diego for central support services underlying the Commission's day-to-day business. Proceeding with the agreement relatedly helps ensure the true scale of these support services are documented for the benefit of both agencies and in doing so help avoid unexpected and/or unplanned interruptions. Proceeding with the agreement also provides the Commission the opportunity to review reimbursement criteria and costs and provide direction to explore alternatives if desired by members.

## **RECOMMENDATION**

It is recommended San Diego LAFCO approve the proposed support services agreement with the County of San Diego as presented. This recommendation is consistent with Alternative One in the proceeding section.

## **ALTERNATIVES FOR ACTION**

The following alternatives are available to San Diego LAFCO through a single motion:

Alternative One (recommended):

Approve the proposed support services agreement with the County of San Diego as provided as Attachment Three and authorize the Executive Officer to sign on the Commission's behalf.

Alternative Two:

Continue to the next regular meeting and provide direction to staff as needed.

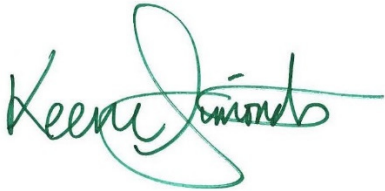
Alternative Three:

Take no action.

## PROCEDURES

This item has been placed on San Diego LAFCO's agenda as part of the consent calendar. A successful motion to approve the consent calendar will include taking affirmative action on the staff recommendation unless otherwise specified by the Commission.

Respectfully,



Keene Simonds  
Executive Officer

Attachments:

- 1) MOU Between LAFCO and the County of San Diego, June 1974
- 2) Letter of Agreement Between LAFCO and the County of San Diego, February 1994
- 3) Proposed Support Services Agreement
- 4) County Cost-Allocation Illustration
- 5) Cost-Allocation Plan for 2020-2021 (DRAFT)

MEMORANDUM OF UNDERSTANDING  
BETWEEN  
EXECUTIVE OFFICER, LOCAL AGENCY FORMATION  
COMMISSION, SAN DIEGO COUNTY  
AND  
ADMINISTRATOR, ENVIRONMENTAL DEVELOPMENT  
AGENCY, COUNTY OF SAN DIEGO

Preamble

The Knox-Nisbet Act (Government Code Section 54773, et seq.) provides that the Board of Supervisors shall furnish the Commission with necessary quarters, equipment, and supplies, and the usual and necessary operating expenses incurred by the Commission shall be a County charge.

The Administrative Code of the County of San Diego (at Section 82.12) makes the Administrator of the Environmental Development Agency responsible for the coordination of support services to the Commission.

This Memorandum of Understanding provides a basis for defining the services to be provided; the responsibilities for the budget process; and, the roles of the Executive Officer and the Administrator in relation to County employees assigned to the Commission's staff.

1. It is understood that the Administrator will provide the following services to the Executive Officer and the Commission

- (a) payroll administration for Commission employees and County employees;
- (b) travel arrangements for authorized trips;
- (c) use of available County-owned equipment for the usual and necessary needs of the Commission and its staff;
- (d) usual and necessary purchase or acquisition of supplies for the operation of the Commission and its staff; and
- (e) any other services, supplies, and equipment needed for the usual and necessary operation of the Commission and its staff.

2. It is understood that the Administrator is the appointing authority for County employees assigned to the Commission's staff. The Executive Officer will supervise those employees. All actions relating to personnel affairs or changes will be taken by the Administrator only after close and cooperative consultation with the Executive Officer.

3. It is understood that once the Board of Supervisors has provided the money for the Commission's budget (pursuant to Government Code Section 54776.1), the management for that budget shall be coordinated between the County Auditor and Controller and the Executive Officer. The Administrator will assist the Executive Officer in the preparation of the annual budget. The Administrator will assist the Executive Officer in processing

The Administrator shall also have the authority to approve expense claims for County employees assigned to Commission's staff, after prior approval by the Executive Officer in accordance with the Commission-adopted budget.

5. It is understood that the Executive Officer and Administrator will consult and cooperate with one another on matters of common interest and involvement.

6. This Memorandum of Understanding may be amended from time to time by mutual agreement of the parties.

*S.M. Schmidt*

S. M. SCHMIDT  
Executive Officer, LAFCO

*Allan H. Colman*

ALLAN H. COLMAN  
Administrator, EDA

Date: June 21, 1974

Date: June 21, 1974

Approved as to form:

Concur:

*Gregory C.M. Garrett*  
GREGORY C. M. GARRETT  
Deputy County Counsel *21 June 74*

*William J. Karn*  
WILLIAM J. KARN  
Chairman, LAFCO *6-21-74*

White - Auditor & Controller  
 Orange - Auditor's Office  
 Yellow - Cash Administrator  
 Green - Aud. & Cont. for copy-purchasing  
 Pink - Originator's file only

# REQUEST FOR TRANSFER OF APPROPRIATIONS

ORIGINATING UNIT Auditor and Controller for  
 Environmental Development

9/6 19 74

A TRANSFER OF APPROPRIATIONS IS REQUESTED FOR THE FOLLOWING REASON(S):

To establish necessary financial framework to make LAFCO an independent operation. These appropriations will be used to finance the LAFCO special fund expenditures. (Effective 9/13/74)

This \$197,985 represents the General Fund appropriation approved for LAFCO in the 1974-75 budget.

NAME Allen H. Cole TITLE PMA Administrator  
 CA/AGENCY REPORT

NAME \_\_\_\_\_ TITLE \_\_\_\_\_

ORG. UNIT		ACCOUNT		DESCRIPTION	AMOUNT
3900	1101			Salaries and Wages - Permanent	8147,310
	1102			" " - Non-Permanent	1,100
	1105			C.B.R.S.	2,000
	1145			C.A.S.D.I.	4,640
	1170			Health Insurance	2,000
	1175			Camp. Ins.	100
	2220			Memberships	75
	2205			Office Expense	2,400
	2340			Spec. Dev. Expense	17,582
TOTAL					
ORG. UNIT		ACCOUNT		DESCRIPTION	AMOUNT
3900	2453			Spec. Dev. Expense - Minor Equip.	210
	2358			Trans. & Travel - In-County	3,000
	2339			" " Dep. Auto.	2,500
	4510	1	1	Books	100
	4510	5	5	Equip.	2,145
TOTAL					\$197,985
3900	2453			Trans. Other Govt. Agencies	457,000

AUDITOR'S REMARKS: \_\_\_\_\_ DATE 9/6/74  
 CA FOR ACTION \_\_\_\_\_ B'S FOR APPROVAL \_\_\_\_\_ VOTES REQ \_\_\_\_\_

APPROVED \_\_\_\_\_  
 AS REQUESTED \_\_\_\_\_  
 AS REVISED \_\_\_\_\_  
 COUNTY ADMINISTRATOR

ACTION OF BOARD OF SUPERVISORS

AUDITOR'S NO. 33



Nancy  
LAFCO

LETTER OF AGREEMENT  
BETWEEN THE  
COUNTY OF SAN DIEGO  
AND THE  
SAN DIEGO LOCAL AGENCY FORMATION COMMISSION

This Letter of Agreement is entered into by and between the County of San Diego (hereinafter "County") and the San Diego Local Agency Formation Commission (hereinafter LAFCO) for the purpose of underwriting and administering statutory California workers' compensation benefits by the County for employees of LAFCO.

For these workers' compensation benefits and claims administration services LAFCO agrees to pay the County an amount of money to be determined and scheduled each year by the Auditor and Controller. Such claims administration services may include, but shall not be limited to, risk management consulting, loss prevention and control, centralized loss reporting, actuarial consulting, claims adjusting and legal defense services.

Each party may cancel this agreement for convenience with 60 calendar days prior notice. However, should either party cancel this Agreement and thereby terminate the benefits and services of workers' compensation provided by the County, LAFCO will be obligated to a future expected liability charge for any claim (open or pending as of the effective date of cancellation of this Agreement) by a LAFCO employee administered by the County of San Diego. Additionally, LAFCO will also be liable for claims that may be filed in the future with injury dates that are within the period of time covered by the County; this is known as "incurred but not reported" (IBNR) by the insurance industry. For purposes of determining IBNR, the CSAC Excess Insurance Authority will provide numbers that shall be used as the standard measure.

The County's Department of Human Resources, Division of Risk Management will administrate LAFCO employee claims and make all claims adjusting decisions in accordance with general policies and procedures of the County.

Workers' compensation benefits are statutory and do not include any other County benefits provided to County employees as a part of workers' compensation benefits, such as injury leave benefits.

The undersigned parties hereby agree to the provisions of this Agreement.

FOR THE COUNTY:

FOR LAFCO:

Thomas J. Pastuzka  
Signature

[Signature]  
Signature

\_\_\_\_\_  
Print Name

Michael D. Ott  
Print Name

Thomas J. Pastuzka  
Clerk of the Board of Supervisors  
Title

Executive Officer  
Title

\_\_\_\_\_  
Date

February 8, 1994  
Date

Approved and/or authorized by the Board  
of Supervisors of the County of San Diego  
Date 2-8-94 Minute Order No. 29  
THOMAS J. PASTUZKA  
Clerk of the Board of Supervisors  
By [Signature]  
Deputy Clerk

APPROVED AS TO FORM AND LEGALITY  
COUNTY COUNSEL

BY [Signature]  
DEPUTY

COUNTY OF SAN DIEGO  
STATEMENT OF PROCEEDINGS  
REGULAR MEETING OF BOARD OF SUPERVISORS  
TUESDAY, FEBRUARY 8, 1994

MORNING SESSION - Meeting was called to order at 9:10 a.m.  
Present: Supervisors Pam Slater, Chairwoman; Dianne  
Jacob, Vice Chairwoman; Brian P. Bilbray, Leon L. Williams  
and John MacDonald; also Thomas J. Pastuszka, Clerk.

Invocation by Pastor Bob Newby, Seacoast Community Church

Pledge of Allegiance to the Flag led by Holly Evans, a  
child development major at San Diego State, who is a  
volunteer with our Department of Social Services

AFTERNOON SESSION - Reconvened at 2:15 p.m. Supervisors  
Slater, Chairwoman; Jacob, Vice Chairwoman; Bilbray,  
Williams and MacDonald being present.

Adjourned at 5:07 p.m.

PAM SLATER  
Chairwoman of the Board of Supervisors  
County of San Diego, State of California

ATTEST:

THOMAS J. PASTUSZKA  
Clerk of the Board of Supervisors

(SEAL)

Notes by:

Morgan (Consent)  
Steele (Discussion a.m.)  
Gomez (Discussion p.m.)

- - -

Flood Control District  
Industrial Development Agency  
Redevelopment Agency  
Sanitation Districts

No business this date.  
No business this date.  
No business this date.  
No business this date.

Agenda/  
Minute Order  
No.

28. **San Diego County Code of Regulatory Ordinances - Sunset Review - Continued**

**RECOMMENDATION:**

**CHIEF ADMINISTRATIVE OFFICER:** - Continued

Read title, waive reading, and introduce Ordinance for further consideration and adoption on February 15, 1994: - Continued

DISPOSAL OF DEAD ANIMALS; SECTION 63.408 RELATING TO SUNSET OF AGRICULTURAL ENTERPRISES AND CONSUMER INFORMATION; SECTIONS 66.401 THROUGH 66.406 AND 66.410 THROUGH 66.415 RELATING TO REFRIGERATION PLANTS; AND SECTIONS 67.601 THROUGH 67.604, 67.610, 67.620 AND 67.621 RELATING TO WATER CONSERVATION COUNTY SERVICE AREA FOUR - MAJESTIC PINES.

Approve the Sunset Date extension to December 31, 2000 for the following Chapters of the San Diego County Code of Regulatory Ordinances:

- Title 6, Division 2, Chapter 1, commencing with Section 62.101, relating to livestock;
- Title 6, Division 2, Chapter 7, commencing with Section 62.700, relating to animals in vehicles;
- Title 6, Division 7, Chapter 2, commencing with Section 67.201, relating to pollution of waters;
- Title 6, Division 8, Chapter 4, commencing with Section 68.101, relating to abatement of weeds and rubbish; and
- Title 6, Division 8, Chapter 5, commencing with Section 68.501, relating to management of solid waste.

**ACTION:**

Took action as recommended, on Consent, introducing Ordinance for further Board consideration and adoption on February 15, 1994, on Consent.  
(4x5: 12345 Aye)

29. **Workers' Compensation Coverage Agreement Between the Local Agency Formation Commission and the County**

**FISCAL IMPACT:**

The funding source is the Local Agency Formation Commission Fiscal Year 1993-94 Budget. If approved, this request will result in \$1,200 annual cost and will require no additional staff years.

**RECOMMENDATION:**

**CHIEF ADMINISTRATIVE OFFICER:**

Approve the Agreement between the Local Agency Formation Commission and the County and authorize the Clerk of the Board to execute the Agreement on behalf of the County.

**ACTION:**

Took action as recommended, on Consent.  
(4x5: 12345 Aye)

**Blank for Photocopying**

**AGREEMENT BETWEEN  
THE COUNTY OF SAN DIEGO AND  
SAN DIEGO LOCAL AGENCY FORMATION COMMISSION  
REGARDING THE PROVISION OF SERVICES AND PAYMENT OF COSTS**

This Agreement is made and entered into effective as of the date of the last signature on the signature page by and between the County of San Diego, a political subdivision of the State of California (“COUNTY”) and the San Diego Local Agency Formation Commission, a subdivision of the State of California (“LAFCO”), with reference to the following facts:

**RECITALS**

WHEREAS, the COUNTY is a political subdivision of the State;

WHEREAS, LAFCO is a body corporate and politic and a subdivision of the State pursuant to California Government Code section 56000 et seq.;

WHEREAS, on June 21, 1974 LAFCO and the COUNTY, through their respective executive officers, entered into a Memorandum of Understanding (“1974 MOU”) outlining certain services the COUNTY would provide LAFCO;

WHEREAS, on or around February 8, 1994 LAFCO and the COUNTY entered into a Letter of Agreement (“Letter Agreement”) for the purpose of underwriting and administering workers’ compensation benefits by the COUNTY for employees of LAFCO;

WHEREAS, the COUNTY provides numerous services to LAFCO which are not articulated in either the 1974 MOU and Letter Agreement described above; and

WHEREAS, LAFCO and the COUNTY desire to memorialize the services the COUNTY currently provides to LAFCO and set forth the terms and conditions for those services to be provided in the future;

NOW, THEREFORE, the COUNTY and LAFCO agree as follows:

**I. PURPOSE**

This Agreement is entered into by the COUNTY and LAFCO to establish the provision of services and payment of costs of services as allowed under Government Code section 56380.

**II. CONTROLLING AGREEMENT**

The 1974 MOU, Letter Agreement and any other previous agreement entered into by the Parties for the COUNTY services expressly articulated in this Agreement are terminated and this Agreement shall control.

### III. COUNTY SERVICES PROVIDED

Except as expressly provided, COUNTY services performed pursuant to this Agreement will be performed pursuant to and in compliance with all COUNTY rules and policies, including but not limited to San Diego County Administrative Code, San Diego County Regulatory Code, San Diego County Board Policies, and the CAO Administrative Manual.

#### A. Auditor and Controller shall provide the following services:

1. Process biweekly payroll that includes, but is not limited to, managing Kronos timecards, benefits, lump sum/one-time payments, payroll adjustments, remit payroll taxes and deductions, W-4/DE4 cards, garnishments, direct deposits, and advices/warrants.
2. Issue year-end W-2/W-2c forms.
3. Prepare the annual State Controller's Office Government Compensation in California (combined with the COUNTY).
4. Respond to and produce Public Records Act requests which may include or pertain to LAFCO records.
5. Produce annual payroll data for LAFCO's internal/external auditor to comply with GASB 68 ("Covered Payroll and Employee/Employer Retirement Contributions") and GASB 75 reporting ("OPEB data").
6. Assist LAFCO's outside CPA firm as needed for accounting procedures and payroll billing.
7. Process DART – Deposits.
8. Support ERP systems and access for LAFCO employees.

#### B. Department of Human Resources ("DHR") shall provide the following services:

1. Ad Hoc reports regarding personnel issues (i.e., retirement eligibility, seniority point lists, HR/MIS reports).
2. Employee Benefit administration and related services pursuant to the COUNTY's current benefits program.
3. Medical Standard services including pre/post-employment and fitness for duty medical exams.
4. Employee Assistance Program services.



5. Workers' Compensation claims administration and related services pursuant to the COUNTY's workers' compensation program. LAFCO shall pay all claims costs attributable to LAFCO employees at the Cost Commission approved rate for administration of those claims.
- C. Treasurer-Tax Collector ("TTC") shall provide treasury and deferred compensation services.
- D. Office of County Counsel may, but is not legally required, upon request of the Executive Director, to provide:
1. Ongoing legal consultation, e.g., review and approval of memos and resolutions, contracts.
  2. Initial and on-going consultation with LAFCO staff regarding LAFCO functions.
  3. Review of documents and procedures.
  4. Any other legal services that may otherwise be requested and agreed to be performed.
- E. Department of General Services ("DGS") shall, upon request of designated LAFCO staff, in accordance with COUNTY policies, provide various facilities and fleet management services, to be charged in accordance with Section II. General Terms and Conditions, unless otherwise noted. With written notice to LAFCO, DGS may contract these services out. LAFCO agrees to pay the actual cost for performance of the services that are contracted out. These services include, but are not limited to:
1. Providing real estate services.
  2. Providing construction, renovation, repair, operations, and maintenance of facilities, including access to buildings and mail services.
  3. Providing fleet management provided that the COUNTY is named on the title of the vehicles, including vehicle procurement and disposal, vehicle accident repairs, commercial repairs, vehicle repairs and preventative maintenance, and fueling.
- F. Department of Public Works ("DPW") shall provide cartographic services including production of facilities signs of various types (identification, directional, etc.), as requested by LAFCO.
- G. Planning & Development Services ("PDS") shall provide Geographic Information Systems ("GIS") services including maps, as requested by LAFCO.
- H. Assessor/Recorder/County Clerk ("ARCC") when performing services requested by LAFCO shall charge at the rates charged to any other public agency.

- I. Registrar of Voters (“ROV”) shall provide work, as requested by LAFCO at the rates charged to any other public agency.
- J. Information Technology (“IT”) Services shall be provided by the COUNTY through the COUNTY’s Information Technology Outsourcing Contractor as authorized by COUNTY staff processing approval authority for IT services. The cost for these services, including all overhead costs shared by all participating COUNTY departments, will be charged to LAFCO via the iTrack billing system. LAFCO shall follow all current and future COUNTY IT policies, governance, and policies and processes as set forth by the COUNTY.

#### IV. GENERAL TERMS AND CONDITIONS

##### A. Payment for Services shall be provided as follows:

1. Except as otherwise provided, charges for services to LAFCO will be billed monthly and shall include estimated annual services billed based on the Cost Allocation Plan including the roll forward computation as set forth in the annual Cost Allocation Billing spreadsheet. Services provided that are not allocated via the Cost Allocation Plan will be directly billed using a method agreed upon by both parties.

##### i. Internal Service Funds

The LAFCO will pay the COUNTY for its services from COUNTY Internal Service Fund Departments at the normal and customary rate which is the sum total of the LAFCO's payment obligation.

##### ii. San Diego County Employees Retirement Association (“SDCERA”)

If applicable, administrative costs charged by the SDCERA will be apportioned to the LAFCO based on the number of LAFCO employees.

##### iii. County Counsel

LAFCO agrees to pay for services it receives pursuant to the adopted rates in effect at the time the services are performed. LAFCO agrees to pay actual costs of any outside counsel services rendered specifically for any LAFCO business.

##### iv. PDS

LAFCO agrees to pay for services it receives pursuant to the adopted rates in effect at the time the services are performed. LAFCO agrees to pay actual costs of any GIS services rendered specifically for any LAFCO business.

B. LAFCO's responsibilities shall be as follows:

1. LAFCO and the COUNTY agree that the foundation of this Agreement is that the LAFCO will pay a fair and equitable amount for the services provided by the COUNTY to LAFCO. The parties agree that payment arrangements which support this foundation include direct billing, agreements based on set amounts for services, or billing through A-87 methodologies. The LAFCO and the COUNTY agree that all costs for services provided to LAFCO by the COUNTY shall be fairly and equitably determined in a manner consistent with this Agreement.
2. LAFCO shall be responsible for LAFCO's share of pension obligation bond ("POB") payments, the LAFCO's share of retirement system contributions, LAFCO's share of the annual required contribution ("ARC") (pursuant to GASB 45) and to the SDCERA 401(h) account to fund post-employment healthcare. LAFCO's share of retirement system contributions shall be based on LAFCO's "retirement gross" payroll, the retirement system contribution rates adopted on an annual basis by the Board of Supervisors, and employee contribution offset rates as established in the COUNTY's compensation ordinance for LAFCO employees. LAFCO's share of the post-employment health care ARC shall be a function of LAFCO's permanent employees' salary costs and a post-employment health care payroll charge rate set by the Auditor and Controller on an annual basis for non-safety COUNTY employees. Such charge rate may be adjusted during the year to ensure that the ARC is met.
3. Pension Obligation Bonds: LAFCO shall continue to be responsible for LAFCO's share of existing POB payments. The COUNTY shall provide the POB charge rate to LAFCO ten (10) business days prior to the payday in which it will be effective. If there is a proposed change to the methodology used to determine LAFCO's share of pension obligation bond payments (described in the POB Payroll Rate Methodology section below), the COUNTY will work reasonably with the LAFCO to determine its share of the obligation payments.
  - i. LAFCO shall make the POB payment for each payroll cycle on LAFCO paydays.
  - ii. If LAFCO provides a third party payroll, the third party payroll shall report in Microsoft Excel format for all permanent employees including all employee names, employee ID, paid actual hours worked, paid time off, premium pay, overtime pay, retirement compensable earnings, and POB contribution. This report shall be provided to the LAFCO for each payroll cycle no later than two (2) business days after LAFCO paydays. Except as required by law, all information contained in this report is to be kept confidential. Except as required by law, COUNTY agrees to maintain the confidentiality of information received from LAFCO or its designated third party during and after the performance of this Agreement, including but not limited to personal information, such as social security numbers. Except as required by law, COUNTY and its employees and representatives shall not disclose, disseminate, transmit, publish, distribute, make available, or otherwise convey confidential information contained in these reports

without LAFCO's prior written consent, for any purpose other than the performance of this Agreement. Except as required by law means the COUNTY is required to disclose records or portions thereof due to federal or state laws, regulations, judicial, or administrative process, including subpoenas. COUNTY will give LAFCO notice of any requests for disclosure prior to releasing any confidential information to a third party.

iii. The COUNTY reserves the right to make reasonably necessary changes to the required file format and the information requested in the payroll report until POB obligation has been paid off.

iv. **POB PAYROLL RATE METHODOLOGY**

a. LAFCO's share of pension obligation bond payments shall be a function of the LAFCO's permanent employees' salary costs and the POB payroll charge rate set by the Office of Financial Planning on an annual basis for non-safety COUNTY employees. There is no separate rate established for LAFCO only, the rate to the LAFCO is the same as the rate charged for non-safety COUNTY employees. The objective of the payroll charge rate is to collect amounts required to fund annual debt service payments. Therefore, the payroll charge rate may be adjusted during the year based on actual payroll trends to ensure that the budgeted contribution is met and not exceeded.

b. Due to the potential for changes in payroll each pay-period; there is an inherent possibility that there will be a balance remaining or due to the POB fund at year end. The balance in the POB fund from all sources shall be appropriated in the following fiscal year's POB obligation budget. Remaining balances or amounts due to the POB fund shall be incorporated to either discount or increase the subsequent fiscal year payroll charge rate. The amount to be credited in the event of an over-collection or collected in the event of an under-collection will be calculated based on the weighted average of the required contribution from each entity and shall be applied to the POB fund as a whole and not separately. In addition, in order to account for the overlapping payroll periods at COUNTY's fiscal year-end, an accrual basis accounting shall be used. When the POBs have completely matured, any balances remaining or due to the POB fund shall be either returned to or due from contributing entities based on the weighted average of the required contribution of each entity.

4. **State Unemployment Insurance ("SUI")**

i. **Claims**

a. Claims for SUI submitted by LAFCO employees that are accepted and paid by the Employment Development Department ("EDD") will be applied to the COUNTY'S account. The COUNTY will then be obligated to make the

payments as these employees' payroll information was submitted under the COUNTY'S EDD/SUI account number.

- b. LAFCO shall reimburse the COUNTY for the actual amount and A-87 costs billed to the COUNTY by EDD for each LAFCO employee.

- ii. Reimbursement

- a. The COUNTY shall invoice LAFCO on a quarterly basis and the invoice will include copies of the claim documents payment was based on. LAFCO shall reimburse the COUNTY within 30 days of the invoice and supporting documentation being received. The supporting documentation must include actual costs, recipient names, and all documentation relating to the payments that the COUNTY receives from the EDD.
- b. Reimbursement of A-87 costs shall not be duplicative of A-87 costs already being charged to LAFCO by the COUNTY.

C. Billings from both parties shall be accompanied by sufficient expenditure detail to confirm the validity of the cost charges, and each party shall cooperate in clarifying any billing issues. Both parties shall provide with each billing an invoice for the billing amount. Unless otherwise specified, the services set forth in this Agreement shall be billed quarterly and paid for on or before the 10th business day following the billing.

D. In the event that either party disputes charges billed, the disputing party shall provide written notice to the coordinator designated in section IX of this Agreement within fifteen (15) business days of the receipt of the bill. The disputing party shall pay the undisputed portion of the bill in accordance with the payment terms described in the attached appendices.

E. Fiscal year-end overpayment refunds due to a party shall be credited during the first quarter payment for the succeeding fiscal year, if any, or otherwise refunded by a party no later than August 15 of the subsequent fiscal year. Any underpayment balance due to a party shall be paid no later than August 15 of the subsequent fiscal year.

F. Both parties shall be in conformity with all applicable federal, state, COUNTY and local laws, rules, and regulations, current and hereinafter enacted.

## V. INDEMNIFICATION

A. LAFCO shall indemnify the COUNTY, its officers, directors, employees and agents ("Indemnified Parties") for, and hold them harmless against any loss, cost, claim, liability or expense arising out of or in connection with the COUNTY's acceptance or administration of the COUNTY's performance of services provided in this Agreement, except any loss, liability or expense as may be adjudged by a court of competent jurisdiction to be attributable to the COUNTY's negligence or willful misconduct,

including the cost and expense (including its counsel fees) of defending itself against any claim or liability in connection with the exercise or performance of any of its powers or duties under this Agreement.

- B. The duty of LAFCO to indemnify and save harmless as set forth herein, shall include the duty to defend as set forth in Section 2778 of the California Civil Code and survive the termination of this Agreement.

## VI. TERM

This Agreement shall be effective on the date on which the last of the Parties sign it, and shall remain in effect until amended by the parties, in writing, or terminated by either party subject to the following notice provisions:

- A. This Agreement may be terminated by either Party without cause by providing a one-year written notice of termination to the other Party.

## VII. SEVERABILITY.

Should any part of this Agreement be held to be invalid by a court of competent jurisdiction, the remainder of the Agreement shall be considered as the whole Agreement and shall be binding on the parties to the Agreement.

## VIII. AMENDMENTS

Amendments to the Agreement may be made at any time only upon written approval of all parties.

## IX. DESIGNATION OF CONTRACT REPRESENTATIVES

The COUNTY hereby designates its Deputy Chief Administrative Officer, Finance and Government Group, as Contract Representative for the COUNTY under this Agreement. LAFCO hereby designates LAFCO's Executive Officer as the Contract Representative for LAFCO under this Agreement.

## X. NOTICES

Unless specifically stated to the contrary, any notices required or permitted hereunder shall be in writing and may be personally delivered; or delivered by mail by depositing such notice in the United States mail, first-class postage prepaid; or delivered by reputable overnight delivery service (such as Federal Express, UPS or DHL); addressed as follows or to such other place as each party may designate by subsequent written notice to each other.

To the LAFCO: LAFCO Executive Officer  
9335 Hazard Way, Suite 200  
San Diego, California 92123

To the COUNTY: Deputy CAO, Finance and General Government Group  
1600 Pacific Highway, Suite 166  
San Diego, California 92101

A notice shall be effective on the date of personal delivery, if personally delivered before 5:00 p.m. on a business day, or otherwise on the business day following personal delivery; or two (2) business days following the date the notice is postmarked, if mailed; or on the day following delivery to the applicable overnight courier, if sent by overnight courier for next business day delivery; and otherwise when received.

#### XI. TIME OF PERFORMANCE

Unless specifically stated to the contrary, all references to days herein shall be deemed to refer to calendar days. If the final date for payment of any amount or performance of any act falls on a Saturday, Sunday or holiday, such payment shall be made or act performed on the next succeeding business day. Unless specifically stated to the contrary, all references to business days herein do not include LAFCO or COUNTY holidays.

#### XII. COMPLETE AGREEMENT AND WAIVER

This Agreement contains all the terms and conditions agreed upon by the COUNTY and LAFCO and no other understanding, oral or otherwise, regarding this Agreement shall be deemed to exist or to bind any of the parties of this Agreement.

#### XIII. APPROVALS AND AUTHORITY

This Agreement must be approved by the Board of Supervisors of the COUNTY and by the LAFCO a c to be effective. The COUNTY and LAFCO each has all requisite power and authority to conduct its respective obligations and to execute, deliver and perform under this Agreement. Each party warrants that these individuals who sign this Agreement on behalf of each party have the legal power, right and authority to make this Agreement and to bind each respective party.

#### XIV. MISCELLANEOUS PROVISIONS

- A. Obligations: This Agreement shall be binding upon the successor of the Members of the LAFCO's Board, and the Members of the COUNTY's Board of Supervisors.

- B. Review: The parties hereto, by their due execution of this Agreement, represent to the other party that they have reviewed each term of this Agreement with their counsel, or have had the opportunity for such review with their counsel, and that hereinafter no party shall deny the validity of this Agreement on the ground that the party did not have the advice of counsel generally or advice of their counsel in the aforementioned dispute. Each party has had the opportunity to receive legal advice with respect to the advisability of this Agreement.
- C. Construction: Each party has had the opportunity to participate in drafting and preparing this Agreement. The headings and captions used in this Agreement are for convenience and ease of reference only, and shall not be used to construe, interpret or limit the terms of this Agreement and shall not be construed against any one party.
- D. Invalid Material Term: In the event that any material term, covenant, condition, or provision of this Agreement shall be held by a court of competent jurisdiction to be invalid or against public policy, the parties shall use their best efforts and good faith to negotiate and implement amendments to the Agreement that are necessary to and consistent with the purpose of this Agreement and the intent of the parties. In the event the parties are not able to reach agreement on a material provision after good faith efforts to negotiate and implement such amendments within ninety (90) days following the final judgment of the court's ruling, this Agreement shall terminate by operation of this provision at close of business on the ninetieth (90th) day.
- E. Governing Law: This Agreement is made, executed and delivered within the State of California and the rights and obligations of the parties hereto shall be construed, interpreted and enforced in accordance with, and governed by the laws of the State of California.
- F. Force Majeure: Neither party will be liable for a delay or failure in its performance caused by Force Majeure. The term "Force Majeure" as employed herein means any cause not reasonably within the control of the party that delays or fails to perform under this Agreement. Force Majeure shall include, but not be limited to, the following: acts of God, threats or acts of terrorism or similar acts, natural disasters, war, strikes, civil disorder, or any other cause not reasonably within the control of such party.
- G. Good Faith: COUNTY and LAFCO will cooperate in good faith to implement this Agreement.
- H. Legislative Changes: If any changes are made to the California Government Code sections or California Health and Safety Code sections referenced herein, or to any successor legislation or regulations regarding the provision of services or payment of costs covered by this Agreement, or if the State imposes any budget requirements or limitations applicable to such, then (1) to the extent any of the changes are of mandatory application, such change(s) shall apply to the parties and this Agreement, and this Agreement shall be deemed to be amended to be consistent with such change(s) except to the extent that such change(s) alter(s) a material provision of this Agreement in which



case such material provision shall be voidable and the parties will use their best efforts and negotiate in good faith to amend the Agreement as necessary; and (2) to the extent any of the changes are not of mandatory application, such change(s) shall not affect this Agreement or the rights or obligations of the parties under this Agreement unless the parties mutually agree to subject themselves to such change(s) pursuant to section VIII of this Agreement.

- I. Confidentiality: Both parties agree to maintain the confidentiality of any information from LAFCO or COUNTY records that COUNTY or LAFCO, its officers, employees or agents may have contact with in the context of providing services to the LAFCO or COUNTY under this Agreement that is privileged or confidential under all applicable federal, state, COUNTY, LAFCO, and local laws, rules, and regulations, current and hereinafter enacted.

IN WITNESS THEREOF, the signatory parties hereby approve and agree to the terms of this Agreement on this \_\_\_\_\_ day of \_\_\_\_\_, 2020.

COUNTY OF SAN DIEGO

By \_\_\_\_\_ Date: \_\_\_\_\_

HELEN ROBBINS-MEYER  
Chief Administrative Officer

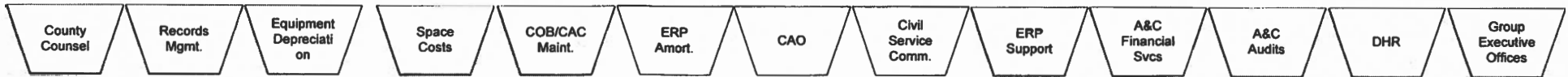
SAN DIEGO LOCAL AGENCY FORMATION COMMISSION

By \_\_\_\_\_ Date: \_\_\_\_\_

KEENE SIMONDS  
Executive Officer

**Blank for Photocopying**

Support Centers Gather actual costs and revenue offsets. Unallowable costs are identified and removed. Allowable costs are placed in cost pools for allocation



ALLOWABLE COST POOL

ALLOWABLE COST POOL

ALLOWABLE COST POOL

Allowable costs are allocated to County departments based on established allocation methods such as S&B, # of Phone Lines, FTE's. Allocation methods are reviewed and approved by the Cost Commission and must pass State Audit.

**ALLOCATION**

**FG3**  
 Clerk of the Board  
 Property Tax Services  
 CAO Special Projects  
 Assessor Recorder  
 Board of Supervisors  
 Grand Jury  
 Treasurer Tax Collector  
 Employee Benefits ISF  
 Public Liability ISF  
 Media & Public Relations  
 Info Technology ISF  
 Registrar of Voters  
 Facilities ISF  
 Fleet ISF  
 Purchasing ISF

**HHSA**  
 Housing Authority  
 Aging & Indep. Svcs  
 Public Admin/Guard.  
 Social Services  
 Health  
 HHSA Joint Adm.  
 Mental Health  
 Alcohol & Drug  
 Edgemoor

**PSG**  
 Animal Services  
 Alt. Public Defender  
 Child Support  
 CLERB  
 Defense Attorney  
 District Attorney  
 Medical Examiner  
 Office of Emergency Svcs  
 Probation  
 Public Defender  
 Sheriff

**LUEG**  
 Agriculture  
 Environmental Health  
 Planning & Land Use  
 Parks & Recreation  
 Library  
 Public Works General  
 Air Pollution Control  
 Airports  
 Wastewater Mgmt.  
 DPW ISF  
 Inactive Waste  
 Public Works Road  
 Flood Control  
 Lighting Maint.  
 Sanitation

**NON COUNTY**  
 Superior Court  
 LAFCO  
 External Schools  
 County Retirement  
 Other External

After all costs have been allocated to the departments A&C prepares the billing statements for the affected departments. General Fund Departments are not billed for A-87 costs. ISF's and Special Revenue funds are billed to insure Full Cost Recovery per Board Policy B-29.

**BILLING**

**HHSA**  
 Housing Authority

**LUEG**  
 Air Pollution Control  
 Airports  
 Library  
 Wastewater Mgmt.  
 DPW ISF  
 Inactive Waste  
 Public Works Road  
 Flood Control  
 Lighting Maint.  
 Sanitation

**FG3**  
 Employee Benefits ISF  
 Public Liability ISF  
 Media & Public Relations  
 Info Technology ISF  
 Facilities ISF  
 Fleet ISF  
 Purchasing ISF

**NON COUNTY**  
 Superior Court  
 LAFCO  
 County Retirement

**Blank for Photocopying**

County of San Diego, California  
 Allocated Costs By Department  
 Report Date: 11/25/2019  
 FY 20-21 Cost Allocation Plan  
 FG3 - Department - A9175

# DRAFT

## LOCAL AGENCY FORMATION AGENCY

Central Service Departments	FY19-20 Cost Plan	FY20-21 Cost Plan	Variance	Percent % Change	Direct Billed
Equipment & Software Depreciation	0	0	0		
Bldg Depreciation/Add'l Rent Rate	0	0	0		
FG3 CAC Maintenance	0	0	0		
ERP Systems Amortization	0	0	0		
Chief Administrative Office	0	0	0		
County Counsel	(339)	(18)	321	-95%	221
County Technology Office	13,285	8,933	(4,352)	-33%	
Civil Service Commission	0	0	0		
Finance & General Government Group Exec	0	0	0		
A&C Financial Services	0	0	0		
A&C Audits & Advisory Services	0	0	0		
A&C ERP Systems Support	25,055	19,612	(5,443)	-22%	
Human Resources	4,873	6,700	1,827	37%	
Community Services Group Exec Office	0	0	0		
Public Safety Group Exec Office	0	0	0		
Land Use & Environment Group Exec Office	0	0	0		
<b>Total Allocated</b>	<b>42,874</b>	<b>35,227</b>	<b>(7,647)</b>	<b>-18%</b>	<b>221</b>
Roll Forward	(6,038)	(17,615)	(11,577)	192%	
<b>Costs With Roll Forward</b>	<b>36,836</b>	<b>17,612</b>	<b>(19,224)</b>	<b>-52%</b>	<b>221</b>
Adjustments	0	0	0		
<b>Proposed Costs</b>	<b>36,836</b>	<b>17,612</b>	<b>(19,224)</b>	<b>-52%</b>	<b>221</b>

## FY 20-21 INTERFUND BILLING

LOCAL AGENCY FORMATION AGENCY	Proposed FY19-20 Billing	Proposed FY20-21 Billing	Variance	Percent % Change	Reduced Costs in FY 20-21
<b>Indirect Costs Billed:</b>					
Equipment & Software Depreciation	0	0	0		
Bldg Depreciation/Add'l Rent Rate (2)	0	0	0		
FG3 CAC Maintenance	0	0	0		
ERP Systems Amortization (3)	0	0	0		
Chief Administrative Office	0	0	0		
County Counsel	0	0	0		(18)
County Technology Office	13,285	8,933	(4,352)	-33%	
Civil Service Commission	0	0	0		
Finance & General Government Group Exec	0	0	0		
A&C Financial Services	0	0	0		
A&C Audits & Advisory Services	0	0	0		
A&C ERP Systems Support	25,055	19,612	(5,443)	-22%	
Human Resources	4,873	6,700	1,827	37%	
Community Services Group Exec Office	0	0	0		
Public Safety Group Exec Office	0	0	0		
Land Use & Environment Group Exec Office	0	0	0		
Adjustments:	0	0	0		
Roll Forward (1)	0	0	0		(17,615)
<b>Total Indirect Costs Billed</b>	<b>43,213</b>	<b>35,245</b>	<b>(7,968)</b>	<b>-18%</b>	<b>(17,633)</b>
<b>Indirect Costs Not Billed:</b>					
Bldg Depreciation/Add'l Rent Rate (2)	0	0	0	#DIV/0!	
ERP Systems Amortization (3)	0	0	0		
Adjustments:					
Reduced Costs: Billed less/(more) by this amt	(339)	(18)	321	-95%	
Roll Forward (1)	(6,038)	(17,615)	(11,577)	192%	
<b>Total Indirect Costs Not Billed</b>	<b>(6,377)</b>	<b>(17,633)</b>	<b>(11,256)</b>	<b>177%</b>	
<b>TOTAL</b>	<b>36,836</b>	<b>17,612</b>	<b>(19,224)</b>	<b>-52%</b>	

(1) Exclude roll forward per Cost Commission Meeting 01/16/14  
 (2) Exclude Building Depreciation Expense per Cost Commission Meeting 01/16/14  
 (3) Exclude ERP Systems Amortization per Cost Commission Meeting 01/16/14

**ROLL FORWARD COMPUTATION**

<b>LOCAL AGENCY FORMATION AGENCY</b>	<b>FY18-19 Estimate</b>	<b>FY18-19 Actual</b>	<b>Variance = Rollforward</b>	<b>Percent % Change</b>
Equipment & Software Depreciation	0	0	0	
Bldg Depreciation/Add'l Rent Rate	0	0	0	
FG3 CAC Maintenance	0	0	0	
ERP Systems Amortization	4,625	0	(4,625)	-100%
Chief Administrative Office	0	0	0	
County Counsel	(255)	(18)	237	-93%
County Technology Office	14,743	8,933	(5,810)	-39%
Civil Service Commission	0	0	0	
Finance & General Government Group Exec	0	0	0	
A&C Financial Services	0	0	0	
A&C Audits & Advisory Services	0	0	0	
A&C ERP Systems Support	28,196	19,612	(8,584)	-30%
Human Resources	5,533	6,700	1,167	21%
Community Services Group Exec Office	0	0	0	
Public Safety Group Exec Office	0	0	0	
Land Use & Environment Group Exec Office	0	0	0	
Adjustments	0	0	0	
<b>Total Roll Forward</b>	<b>52,842</b>	<b>35,227</b>	<b>(17,615)</b>	<b>-33%</b>
Adjustments	0	0	0	
<b>Total Roll Forward with Adjustments</b>	<b>52,842</b>	<b>35,227</b>	<b>(17,615)</b>	<b>-33%</b>

\* Bill only County Counsel, CTO, ERP support, A&C Financial and DHR.

\* No RF smoothing for LAFCO