

## MEMORANDUM

**TO:** Local Agency Formation Commission

**FROM:** Stephen Lucas, Executive Officer

**SUBJECT:** **Agenda Item 4.2 - Review and Consideration of Amendments to the Draft Contractual Services Agreement No.3 with the County of Butte for the provision of Specified Services**

**DATE:** September 26, 2023 for the meeting of October 5, 2023

---

**ACTION REQUESTED:** Review and approve the Draft Contractual Services Agreement No.4 with the County of Butte for the provision of operational services in support of Commission directives and direct staff to forward said agreement to County Administration for consideration by the Board of Supervisors.

### BACKGROUND

**2001** - In June 2001, the original Contractual Services Agreement between Butte LAFCo and the County of Butte was initially constructed and adopted by both entities following the Commission's administrative departure from the Department of Development Services. The agreement served as a cooperative effort to implement changes in State Law related to LAFCo funding and staffing which eventually resulted in LAFCo's independence.

**2008** - After serving as an effective tool that created the sound foundation for the evolution of Butte LAFCo from a county dependent entity to a substantially autonomous agency, the Agreement was re-evaluated by both entities in 2007 and as a result, Contractual Services Agreement No. 2 became effective January 1, 2008.

**2013** - LAFCo staff again met with County Administrative staff in 2013 to re-evaluate the existing agreement. While the agreement continues to serve as an effective tool between the entities, it was agreed that Exhibit "A" entitled "LAFCo Services" be tailored to more accurately reflect the services LAFCo receives. Also, in acknowledgement of LAFCo's early budget process, the County incorporated an additional clause stating that if the County wishes to update the estimate cost of services, is shall notify LAFCo prior to March 1st of each year of its wish to update estimated costs of services. The draft Contractual Services Agreement No. 3 was adopted effective July 1, 2013.

### CURRENT REQUEST

**2023** - In December 2021, County Administrative staff, informed Staff that it will unilaterally terminate human resources/payroll services from our existing Contractual Services Agreement (CSA). The County shifted to a new organizational platform called Workday, which resulted in issues with LAFCo and BCAG contracted payroll services. The County Human Resources Department had initially proposed a very substantial increase (\$13,000 to \$52,000) in their costs for payroll services and subsequently, determined it was most efficient to remove payroll services altogether in favor of a private vendor. Staff worked with County Administration/Human Resources to propose amendments to the Contractual Service Agreement No. 3 by transitioning payroll services from County HR to another provider. Staff reported to the Commission at its September 7, 2023, meeting, that is has contracted with Paylocity to provide LAFCo payroll services. With this change, the CSA No. 3 is proposed to be amended to remove payroll services entirely from the Agreement as shown in Attachment 1.

Additionally, Staff requested that the County acknowledge that the CSA can only be amended by an action of the Board of Supervisors or the Commission as follows:

“This Agreement shall be effective on July 1, 2013, and continue until amended or terminated. Either party may amend or terminate the Agreement upon not less than 180 days written notice to the other. Written notice will be signed by the authority initiating the notice; the Butte County Board of Supervisors or the LAFCo Commission, respectively.

**ACTION REQUESTED:** Review and approve the Draft Contractual Services Agreement No.4 with the County of Butte for the provision of operational services in support of Commission directives and direct staff to forward said agreement to County Administration for consideration by the Board of Supervisors.

Attachments 1. Proposed Contractual Services Agreement No. 4, effective November 1, 2023  
2. Current Contractual Services Agreement No. 3 with Amendments tracked



## Exhibit A – LAFCo Services

Services to be provided by the County of Butte pursuant to Section 2.3 of the Contractual Services Agreement No. 3, which will be provided by various County departments as shown below:

### Effective November 1, 2023

#### Services

1. Information Systems \$1,670/employee/Year
  - a. Includes the following services:
    - i. Costs include maintenance, server back-up, and access to training programs (desktop /software)
    - ii. Internet Access
    - iii. Email exchange and single email address (buttecounty.net domain)
    - iv. Intranet
    - v. Butte County Financial System query access
    - vi. GIS data support
2. Communications/Phone Services \$127/unit/year
  - a. Costs include maintenance, support, and staff assistance.
  - b. Currently 1 circuit and 5 phone lines.
  - c. Actual Usage and Telco monthly charges paid against LAFCo budget unit by the Auditor's office
3. Accounting Services \$3,401/year
  - a. Payment of LAFCo claims, contracts as directed by appropriate LAFCo authorities – County of Butte provides budgetary tracking and information, but assumes no responsibility for budget-checking or potential over-budget conditions.
  - b. Apportionment/Collection of LAFCo Funding in accordance with Government Code Section 56381.
  - c. Billing for County services provided.
  - d. Revenue and Expenditure reporting using the Butte County Financial System.
4. Treasury Services \$350/year
  - a. Cash management
  - b. SOI fund
  - c. Accrued Leave Balance Fund
  - d. Investment management
  - e. Sending wires
5. General Services
  - a. Copiers \$ 1,563/year
  - b. Postage \$ Actual Use
6. Human Resources (HR)

HR staff will provide LAFCo staff with assistance during the initial transition period from County payroll services to the private vendor (e.g., Paylocity) as a courtesy at no charge.

[Post Payroll] HR services \$ 97.95 per hour

  - a. MetLife deductions for Life, AD&D, and LTD (services continued under County umbrella)
  - b. Support, assistance, and training for CalPERS reporting

**DRAFT**  
**CONTRACTUAL SERVICES AGREEMENT No. 3 4**  
**Between the**  
**Butte Local Agency Formation Commission and the County of Butte**

**TERM**

**Section 1.1 Term of Agreement**

This Agreement shall be effective on July 1, 2013, and continue until amended or terminated. Either party may amend or terminate the Agreement upon not less than 180 days written notice to the other. Written notice will be signed by the authority initiating the notice; the Butte County Board of Supervisors or the LAFCo Commission, respectively.

**ARTICLE 2**  
**SUPPORT SERVICES PROVIDED BY THE COUNTY**

The County agrees to provide the following support services to LAFCo during the term of this Agreement. In providing these contractual services for LAFCo, the County will follow all appropriate governmental standards and procedures. The departments identified in this agreement will provide professional services to LAFCo on an "as needed" basis and in the same manner as provided to County departments

**Section 2.1 Statutory Support Services**

The following support services are recognized under this Agreement to be statutory in nature and would be provided by the County without the necessity for a special agreement.

(a) The County shall provide electronic access to property information and property owner information from the assessment rolls as needed for LAFCo responsibilities as identified in the Cortese-Knox-Hertzberg Act of 2000.

(b) The County Auditor/Controller shall collect funds due to LAFCo from the County, cities and special districts as authorized by Government Code Section 56381(c) and hold funds and issue warrants on behalf of LAFCo and provide timely financial reporting to LAFCo of account transactions and balances.

**Section 2.2 Cooperative Support Services**

(a) LAFCo shall have the right to use the County Board Room and other meeting rooms for LAFCo functions, subject to availability.

(b) LAFCo shall have reasonable access to County files and development information as necessary for LAFCo functions.

(c) County shall provide electronic access to registered voter information as provided for under the Cortese-Knox-Hertzberg Act of 2000.

(d) The County and LAFCo agree that there is mutual information sharing value to both agencies for the County to continue to provide a reasonable workspace within the County's GIS Division for use by the LAFCo GIS consultant or employee with the understanding that LAFCO GIS consultant or employee shall adhere to any rules, policies or regulations of the

Division and that LAFCo is wholly responsible for the provision of necessary computer hardware for said consultant or employee.

**Section 2.3 Compensated Support Services**

(a) The County, providing services in accordance with Exhibit A of this Agreement, shall be appropriately compensated by LAFCO.

**Section 2.4 Payment for Compensated Support Services**

(a) Costs for services provided by County departments will be invoiced to LAFCO regularly

(b) The LAFCO Executive Officer and County Administrative Officer (or designee) shall meet as necessary and confer on costs of County services and establish an estimated cost of services, which will be allocated in the LAFCO (see Exhibit A). If the County wishes to update the estimated cost of services, it shall notify LAFCO prior to March 1, so the new cost can be incorporated into the LAFCO budget on a timely basis.

(c) Services provided in exchange for fixed annual payments will be invoiced on a quarterly basis. So long as the County continues to generate payments on behalf of LAFCO, invoices will be settled via direct journal entry against the LAFCO budget unit maintained in the County Financial System.

**ARTICLE 3  
GENERAL PROVISIONS**

**Section 3.1 Construction.** The parties understand and agree that, unless expressly stated herein, nothing in this Agreement is intended to conflict with or modify the parties' duties and obligations under the Cortese-Knox-Hertzberg Local Government Reorganization Act of 2000. The parties further understand and agree that except as expressly agreed herein, nothing is intended to bind the legislative discretion of either agency.

**Section 3.2 Severability.** Any provisions of this agreement which are proved to be invalid, void or illegal shall in no way affect, impair or invalidate any other provision hereof, and such remaining provisions shall remain in full force and effect.

**Section 3.3 Notices.** Any and all notices or other communications required or permitted by this agreement or by law to be served on or given to either party by the other party to this agreement shall be in writing and shall be deemed duly served when personally delivered to the officer designated below, or, in lieu of such personal service, when deposited in the United States mail, first-class postage prepaid and addressed to the designated party and address listed below each party's signature.

**Section 3.4 Modifications.** Any modification of this agreement will be effective only if it is in writing and signed by the party to be charged.

**Section 3.5 Effect of Waiver.** The failure of either party to insist on strict compliance with any of the terms, covenants, or conditions of this agreement by the other party shall not be deemed a waiver of that term, covenant, or condition, nor shall any waiver or relinquishment of any right or power at any one time or times be deemed a waiver or relinquishment of that right or power for all or any other times.

**Section 3.7 Entire Agreement.** This instrument contains the entire agreement between the parties. Any oral representations or modifications concerning this instrument shall be of no force and effect excepting a subsequent modification in writing signed by the parties.

Exhibit A – LAFCO Services

Services to be provided by the County of Butte pursuant to Section 2.3 of the Contractual Services Agreement No. 34, which will be provided by various County departments as shown below:

Effective November 1, 2023

**Services**

1. Information Systems \$1,670/employee/Year
  - a. Includes the following services:
    - ~~i. Internet Access~~
    - ~~ii. Email exchange and single email address (buttecounty.net domain)~~
    - ~~iii. Intranet~~
    - ~~iv. Maintenance~~
    - ~~v. Server Backup~~
    - ~~vi. Butte County Financial System (Pentamation) query access~~
    - ~~vii. Training Programs (desktop, software)~~
    - ~~viii. GIS data support~~
    - i. Costs include maintenance, server back-up, and access to training programs (desktop /software)
    - ii. Internet Access
    - iii. Email exchange and single email address (buttecounty.net domain)
    - iv. Intranet
    - v. Butte County Financial System query access
    - vi. GIS data support
2. Communications/Phone Services \$127/unit/year
  - ~~a. Costs include maintenance, support, and assistance by County Communications staff.~~
  - b. Currently 1 circuit and 5 phone lines.
  - c. Actual Usage and Telco monthly charges paid against LAFCO budget unit by the Auditor's office.
3. Accounting Services \_\_\_\_\_ \$3,401/year
  - a. Payment of LAFCO claims, contracts as directed by appropriate LAFCO authorities – County of Butte provides budgetary tracking and information, but assumes no responsibility for budget-checking or potential over-budget conditions.
  - b. Apportionment/Collection of LAFCO Funding in accordance with Government Code Section 56381.
  - c. Billing for County services provided.
  - d. Revenue and Expenditure reporting using the Butte County Financial System.
4. Treasury Services \$350/year

- a. Cash management
  - b. SOI fund
  - c. Accrued Leave Balance Fund
  - d. Investment management
  - ~~d.e.~~ Sending wires
5. General Services
- a. Print Shop
    - i. Copiers \$1,563/year
    - ~~ii. Print Shop~~ \$ Actual Use
    - ~~iii.~~ii. Postage \$ Actual Use
6. Human Resources \$ 97.95/hr

HR staff will provide LAFCo staff with assistance during the initial transition period from County payroll services to the private vendor (e.g., Paylocity) as a courtesy at no charge. [Post Payroll] HR services

- a. MetLife deductions for Life, AD&D, and LTD (services continued under County umbrella)
- b. Support, assistance, and training for CalPERS reporting

13,500/year

- ~~c. Payroll Services included in rate above~~
  - ~~i. The County of Butte provides payroll processing and reporting services only, LAFCO remains the Employer of Record.~~
  - ~~ii. Setup new hires, enter all personnel actions (promotion/demotion, merit increases, additional pays, etc.), process terminations as necessary; including processing final payments, notify providers of any status changes.~~
  - ~~iii. Direct Deposit.~~
  - ~~iv. Enter employee requested W-4 changes.~~
  - ~~v. Payroll Tax Reporting (Federal and State).~~
  - ~~vi. Annually required State Controller report of wages by classification~~
  - ~~vii. Provide proposed annual fringe benefit worksheets, coordinate open enrollment and update employee benefit elections and deductions, provide annual PERS Annual Required Contribution (ARC) information, and calculate necessary contribution rate.~~
  - ~~viii. Year end reporting, W-2 issuance to employees.~~
  - ~~ix. Deduction Management — collect and distribute deductions and contributions on behalf of LAFCO employees. These currently include health, dental, vision and life benefits, taxes, EAP, Workers' Comp, Deferred Comp, Section 125 Plan, PERS contributions, etc. Perform monthly account reconciliations of deductions and contributions against outside payments to avoid under/overpayment errors.~~
  - ~~x. Contracting agencies are required to pay CalPERS an administrative fee and PEMHCA (Public Employees' Medical and Hospital Care Act) fee for current retirees. HR identifies and allocates the administration and PEMHCA fees to participating departments/agencies.~~

- ~~d. Additional Services billed at HR labor rate \_\_\_\_\_ currently \$85.17/hour
  - ~~i. Hourly rate subject to Annual update.~~
  - ~~ii. Journal/Payroll corrections as a result of LAFCO error in submission.~~
  - ~~iii. Telephone support/assistance.~~~~

HR staff will provide LAFCo staff with assistance during the initial transition period from County payroll services to the private vendor (e.g., Paylocity) as a courtesy at no charge.

- a. [Post Payroll] HR services MetLife deductions for Life, AD&D, and LTD (services continued under County umbrella)
- b. Support, assistance, and training for CalPERS reporting