



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

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AGENDA REPORT
 Consent | Information

March 3, 2025

TO: Chair Whitburn and Commissioners

FROM: Priscilla Mumpower, Assistant Executive Officer
 Joelle Burila, Analyst I
 Erica Sellen, Commission Clerk

SUBJECT: Support Services Provided by the County of San Diego and Recent Costs

SUMMARY

The San Diego County Local Agency Formation Commission (LAFCO) will receive an informational report on support services provided by the County of San Diego and associated reimbursement costs made over the last five fiscal years. The report responds to an earlier request by the Commission to detail the scope of support services contractually provided by the County to LAFCO and associated costs. As detailed, LAFCO annually budgets nine expense accounts dedicated to providing reimbursements to the County for various back-office support services that are broadly categorized as information technology (IT) and administrative overhead. The actual five-year average expense charged by the County has been \$186,590 and equals approximately 10% of LAFCO’s annual budget. The report is for information only with the opportunity for the Commission to pull for discussion as needed.

BACKGROUND

San Diego LAFCO’s current agreement for support services with the County of San Diego was separately approved by the Commission and Board of Supervisors in June 2020. The agreement proceeds an earlier 1974 contract and establishes reimbursement terms for the County to provide certain services that collectively enable LAFCO’s regular business activities. These support services are divided into two billing categories – IT and administrative overhead – and

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largely recovered as part of a cost-allocation plan that charges LAFCO similarly to County Departments. The Superior Court and San Diego County Employees Retirement Association have similar support services agreements with the County.

A copy of the support services agreement is provided as Attachment One.

DISCUSSION

This item summarizes San Diego LAFCO's contracted support services from the County of San Diego and their associated reimbursement costs over the last five completed fiscal years. The item responds to a request made by Commissioner MacKenzie with concurrence from the rest of the Commission at the October 2024 meeting for staff to return with a future item detailing the agreement and associated costs. Staff has organized the proceeding discussion accordingly to summarize core services received by LAFCO and the actual costs – including detailing all nine expense accounts associated with transacting the support services agreement.

Summary of Services

San Diego LAFCO contracts with the County of San Diego to leverage resources and ensure access to specialized services that would be otherwise be costly and/or challenging to develop independently given current staffing levels. IT related services underlie a sizeable portion of LAFCO's work activities and include furnishing computers and ancillary equipment, software licensing, network communications, email, records management, and financial accounts management. These IT related services include 24/7 support and extend to LAFCO's customized electronic document management system (Application Xtender or AX) and geographic information system (GIS). Administrative overhead similarly supports LAFCO's day-to-day activities and include coordinating with Assessor and Auditor's Offices in processing proposals as well as holding regular Commission and Committee meetings at the County Administrative Center. LAFCO staff has not performed any cost-comparisons involving alternative services. Any meaningful comparison would presumably require considerable attention and merit placement on the workplan.

Summary of Expenses

The average annual actual reimbursement paid to the County over the last five completed fiscal years for IT and administrative overhead has been \$186,590 and spread out over nine expense accounts.¹ This actual amount equals approximately 10% of the overall LAFCO budget during the same period. Close to three-fourths of the actual average – or \$139,055 – involves IT reimbursements paid out of seven expense accounts that range in type from help desk calls to network usage. The remaining one-fourth of the period average – or \$47,535 – involves administrative overhead reimbursements and paid out of two expense accounts covering

¹ This budget does not include additional County charges related to the use of a government vehicle, which is billed separately on a monthly basis per County policies.

general and mail services. With respect to trends, all but two of the nine total expense accounts have experienced reductions ranging from (21%) to (86%) over the five-year period. The two exceptions involve charges for desktop computing and mail services, which have increased by 5% and 47%, respectively. Overall, reimbursement expenses have decreased by (40%) – or (\$95,299) – over the five-year period. A table tracking actual reimbursements over the last five years in all nine expense accounts follows along with summarizing details:

San Diego LAFCO Actual Reimbursements Paid to the County of San Diego								
No.	Account	FY2020	FY2021	FY2022	FY2023	FY2024	Average	Change
52550	Overhead: General Services	\$ 48,613	\$ 40,739	\$ 36,865	\$ 31,431	\$ 32,336	\$ 37,997	-33.5%
52354	Overhead: Mail Services	\$ 8,514	\$ 7,747	\$ 7,484	\$ 11,448	\$ 12,497	\$ 9,538	46.8%
52721	IT Reimbursements: Network	\$ 29,481	\$ 30,983	\$ 35,263	\$ 17,519	\$ 15,461	\$ 25,742	-47.6%
52723	IT Reimbursements: Data Center	\$ 29,173	\$ 28,561	\$ 27,780	\$ 27,233	\$ 22,936	\$ 27,137	-21.4%
52725+ 52728	IT Reimbursements: Financial Systems	\$ 51,838	\$ 37,517	\$ 72,731	\$ 21,830	\$ 23,405	\$ 41,464	-54.8%
52732	IT Reimbursements: Desktop Computing	\$ 24,941	\$ 25,822	\$ 19,076	\$ 26,536	\$ 26,256	\$ 24,526	5.3%
52734	IT Reimbursements: Help Desk	\$ 2,644	\$ 2,240	\$ 2,216	\$ 2,033	\$ 1,590	\$ 2,145	-39.9%
52750	IT Reimbursements: Catalog Equipment	\$ 40,278	\$ 7,102	\$ 22,401	\$ 14,725	\$ 5,703	\$ 18,042	-85.8%
		\$235,483	\$ 180,710	\$ 223,815	\$ 152,756	\$ 140,184	\$ 186,590	-40.5%

- **Overhead: General Services (52550)**

This expense account covers general overhead provided to LAFCO by any of the following County Departments: Auditor and Controller; Human Resources; Treasurer-Tax Collector; General Services; Public Works; Planning and Development Services; Assessor/Recorder/County Clerk; Registrar of Voters; and Information Technology. Actual annual expenses charged to this account have averaged \$37,997 during the five-year report period with an overall change of (33.5%) from \$48,613 to \$32,336. This reduction is attributed to changes in the County’s allocation of services across all Departments and contractors like LAFCO.²

- **Overhead: Mail Services (52354)**

This expense account covers metered postage, registered mail, special delivery, and County mailstop services at the LAFCO office at 2550 Fifth Avenue. This also includes managing bulk mailouts associated with notices. Actual annual expenses charged to this account have averaged \$9,538 during the five-year report period with an overall

² Allocation costs are determined by first identifying the allowable expenses of each department, which are then offset by any applicable grants or revenues received. After this adjustment, the remaining costs are distributed using a defined allocation base.

change of 46.8% from \$8,514 to \$12,497. This increase is primarily due to a higher volume of noticed hearings as well as distributing completed municipal service review prospectuses and other special publications.

- **IT: Network (52721)**

This expense account covers a suite of related IT and telecommunication services. This includes cloud security tools, domain management, mobile device support, wired and wireless connectivity, VPN access, traditional telephone lines, voicemail, multi-line setups, and new site installations involving network cabling, infrastructure setup, and management oversight. Actual annual expenses charged to this account have averaged \$25,742 during the five-year report period with an overall change of (47.6%) from \$29,481 to \$15,461. The account did experience a mid-point rise from FY2021 to FY2022 due to the installation of new IT infrastructure when LAFCO moved its office from the County Operations Center to Bankers Hill. The overall reduction in costs is attributed to a decrease in network services.

- **IT: Data Center (52723)**

This expense account provides various IT support services covering remote work, software development and testing, and emails as well as providing data storage – including providing daily backups. Actual annual expenses charged to this account have averaged \$27,137 during the five-year report period with an overall change of (21.4%) from \$29,173 to \$22,936. The overall reduction is attributed to a decrease in infrastructure services.

- **IT: Financial Systems (52725 & 52728)**

This expense account provides various IT support services covering licensed third-party software programs like Oracle, SharePoint³ and Application Xtender (AX). The former – Oracle – is continually used by LAFCO in managing accounts payable/receivable while the latter – AX – is a searchable database that stores all historical LAFCO documents with the County responsible for maintenance and security. Actual annual expenses charged to this account have averaged \$41,464 during the five-year report period with an overall change of (54.8%) from \$51,838 to \$23,405. The overall reduction is attributed to a decline in maintenance services for AX after its comprehensive update in 2022.

- **IT: Desktop Computing (52732)**

This expense account covers all device services. This includes providing LAFCO with desktop workstations, laptops, and printers as well as ancillary equipment. All devices issued to LAFCO remain under the ownership of the County. Actual annual expenses charged to this account have averaged \$24,526 during the five-year report period with

³ SharePoint is a Microsoft web-based platform for website design, document management, collaboration, and workflow automation that enables secure data sharing, intranet development, and streamlined operations.

an overall change of 5.3% from \$24,941 to \$26,256. The increase is largely attributed to an additional LAFCO employees and corresponding need for additional devices.

- **IT: Help Desk (52734)**

The expense account provides technical support as needed for all related network, data and backup, licensed software, and devices. These services are available on a 24/7 basis and can be initiated by phone, email, or an online portal. Actual annual expenses charged to this account have averaged \$2,145 during the five-year report period with an overall change of (39.9%) from \$2,644 to \$1,590. The reduction in expenses indicates a lower demand for helpdesk services during this period.

- **IT: Catalog Equipment (52750)**

This expense account covers subscription purchases and related fees for third-party services, including hardware, software, maintenance, upgrades, and licenses. Actual annual expenses charged to this account have averaged \$18,042 during the five-year report period with an overall change of (85.8%) from \$40,278 to \$5,703. This reduction is mainly due to a decrease in office equipment following the LAFCO office move, which resulted in fewer printers, desktop stations, and phones.

In summary, over the past five fiscal years, most County support service expenses have declined, with notable reductions in Financial Systems (54.8%), Catalog Equipment (85.8%), Network (47.6%), and General Overhead (33.5%). These decreases are primarily due to reduced service needs and changes in how resources are allocated across County Departments. Costs for the Help Desk (39.9%) and Data Center (21.4%) have also declined, reflecting a reduction in infrastructure services and support requests. However, Desktop Computing expenses increased by 5.3%, driven by changes in employee numbers and necessary equipment inventory. County Mail Services saw a 46.8% rise, largely due to an increase in mailing volume. Overall, County support service expenses have decreased by (40%).

ANALYSIS

None.

RECOMMENDATION

This item is presented to San Diego LAFCO for information only.

ALTERNATIVES FOR ACTION

None.

PROCEDURES

This item has been placed on the 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.

On behalf of the Assistant Executive Officer,



Joelle Burila
Analyst I

Attachment:

- 1) Support Services Agreement with County of San Diego, June 2020

**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
 9335 Hazard Way, Suite 200
 San Diego, California 92123

To the COUNTY: Deputy Chief Administrative Officer, 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 Board 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

Approved as to form and legality:
THOMAS E. MONTGOMERY, County Counsel

By: _____
Rachel H. Witt, Chief Deputy

SAN DIEGO LOCAL AGENCY FORMATION COMMISSION

By _____ Date: _____
KEENE SIMONDS
Executive Officer

Approved as to form and legality:

By: _____
[Insert Name] General Counsel