May 21, 2026 (Agenda)

EXECUTIVE OFFICER'S REPORT
MEMORANDUM OF UNDERSTANDING WITH MERCED COUNTY
FOR LAFCO STAFF SUPPORT IN FY 2026-2027
(AGENDA ITEM VII. A.)

In accordance with the Cortese-Knox-Hertzberg Act of 2000, the Commission is required to operate as an independent agency from the County in which the LAFCO is located. To comply with this mandate, LAFCOs are responsible to adopt their own budget and independently direct the activities and budget of their staff and counsel. As in previous years, the Commission has elected to utilize staff from the Merced County Community & Economic Development Department as part of their professional staff - primarily for Clerk support. Since April 2014, the Executive Officer position is a separate contract position that oversees the County support staff in performance of their LAFCO functions, and performs other functions directly. In order to implement the final budget (which is scheduled for adoption on today's Commission agenda), a Memorandum of Understanding (MOU) must also be entered with Merced County.

This MOU has been prepared for the Commission's adoption as a means of providing an agreement with the Board of Supervisors for the use of County staff. LAFCO is billed separately by the County for office and support functions through the County's Cost Plan Allocation. The current MOU with the County will expire on June 30, 2025.

The total dollar amount of the MOU is $11,230 which reflects the support staff costs budgeted under the Administrative Services Account (No. 21840). The other expenditure accounts such as contractual agreements, LAFCO Counsel, Information Services support for LAFCO meetings, postage, duplicating, transportation and travel are solely within the LAFCO budget in Fund No. 1220 and no agreement with the County is necessary.

Recommendation

Approve the Memorandum of Understanding between the Commission and Merced County, and authorize the Commission Chairperson or acting Chair to sign the document and direct staff to forward it to the County for approval.

Respectively submitted,

LOCAL AGENCY FORMATION
COMMISSION OF MERCED COUNTY

Bill Nicholson

Bill Nicholson,
Executive Officer

Enclosure: Proposed Memorandum of Understanding

cc: LAFCO Counsel

MEMORANDUM OF UNDERSTANDING
BETWEEN THE COUNTY OF MERCED AND
THE LOCAL AGENCY FORMATION COMMISSION OF MERCED COUNTY
FOR SUPPORT SERVICES

THIS MEMORANDUM OF UNDERSTANDING is entered into this ___ day of _____2026 by and between the COUNTY OF MERCED, hereinafter "County," and the LOCAL AGENCY FORMATION COMMISSION OF MERCED COUNTY, hereinafter "LAFCO" or Commission".

WHEREAS, with passage of AB2838 "The Cortese-Knox-Hertzberg Local Government Reorganization Act of 2000," LAFCOs are established as independent agencies; and

WHEREAS, on March 23, 2006, the LAFCO of Merced County voted to contract with Merced County for the provision of staff support to the Commission; and

WHEREAS, on March 8, 2014, the Merced County Board of Supervisors, and on April 24, 2014, the LAFCO of Merced County, respectively, voted to modify the agreement to reflect LAFCO's decision to contract separately for Executive Officer services, while still relying on Merced County for the provision of additional staff, administrative and office support services to the Commission; and

WHEREAS, the County and LAFCO desire to continue to utilize staff from the County's Community & Economic Development Department to conduct the day-to-day business of the Commission, with the exception of the Executive Officer position.

NOW, THEREFORE, in order to memorialize the support for operations of LAFCO as an independent agency, the parties enter into this Memorandum of Understanding ("MOU") as follows:

1. **SERVICES TO BE PROVIDED BY COUNTY:** County's Community and Economic Development Department, through and at the direction of the Executive Officer of LAFCO as appointed by LAFCO, will conduct and perform some of the day-to-day business of LAFCO, and the County will allow utilization of County buildings and equipment for LAFCO operations (indirect costs). These services shall include but are not limited to:

A. Preparing staff analyses, reports, proposed determinations and other agenda materials for the LAFCO Commission relating to boundary proposals, contracts for provision of new and extended services outside city and district jurisdictional boundaries, sphere of influence amendments, municipal service reviews, periodic review of sphere of influence reports and any other matters that are within the Commission's authority under the Cortese-Knox-Hertzberg Local Government Reorganization Act of 2000, Government Code Section 56000 et seq. (hereinafter the "Act").

B. Calling and noticing Commission meetings in accordance with the Act and LAFCO policies and procedures.

C. Providing support for and recommendations to the local "Policy and Procedures Committee" established by LAFCO to help implement provisions of the Act.

D. Preparing mailing, filing, publishing and keeping records of agendas, notices and other required official documents on behalf of the LAFCO Commission.

E. Responding to inquiries and providing information and technical assistance to interested public agencies and individuals.

F. Providing supporting fiscal services such as the development of the annual LAFCO budget, management of LAFCO financial accounts including the processing of LAFCO fees and charges, the processing of payment of Commission charges and expenses, and the preparation of required fiscal reports.

G. Informing LAFCO Commissioners of new legislation, correspondence with the Commission, CALAFCO activities, current events and matters of interest related to LAFCO.

2. **TERM:** The term of this MOU shall be from July 1, 2026 to June 30, 2027.

3. **PAYMENT:** In consideration for the County's services, LAFCO shall be billed in quarterly assessments, the actual direct salary, benefit and related indirect costs for LAFCO support activities up to a maximum amount of *ELEVEN THOUSAND TWO HUNDRED AND THIRTY DOLLARS AND NO CENTS ($11,230.00).*

4. **MERGER CLAUSE:** This MOU constitutes the sole agreement of the parties hereto and correctly states the rights, duties, and obligations of each party. Any prior agreement, promises, negotiations or representations between the parties not expressly

stated in this document are not binding. All subsequent modifications shall be in writing and signed by the parties.

5. **DUPLICATE COUNTERPARTS:** This MOU may be executed in counterparts, each of which shall be deemed a duplicate original.

IN WITNESS WHEREOF, the parties hereto, or their duly authorized representatives, affixed their hands.

LOCAL AGENCY FORMATION COMMISSION OF MERCED COUNTY

Dated: _____

_____
Robert Bertao, Chairperson

Dated: _____

_____
Malathy Subramanian, LAFCO Counsel

COUNTY OF MERCED

Dated: _____

_____
Daron McDaniel, Chairman
Board of Supervisors

Dated: _____

_____
Forrest Hansen, Merced County Counsel