

April 3, 2014 (Agenda)

Local Agency Formation Commission
105 East Anapamu Street
Santa Barbara CA 93101

Summary of Transition Options for Santa Barbara LAFCO

Dear Members of the Commission,

RECOMMENDATION

It is recommended that the Commission receive a report on LAFCO staffing transition options and provide direction to staff.

DISCUSSION

The current two-year contract with the Interim Executive Officer expires on June 30, 2015. Although the contract may be extended with the approval of the Commission and the interim Executive Officer, the Commission has requested that the Transition Options be discussed before the end of the current fiscal year. It is the desire of staff and the Commission that this will provide direction to staff on preparation of the proposed and final fiscal year 2014-15 budget. It will also establish long-term funding and staffing options. In each of the Transition Options listed below, it is assumed that the current arrangement with County Counsel for legal advice will continue.

The following are the Transition Options as envisioned by staff:

1. Status Quo – Contract Executive Officer, Contract between the Commission and the County for Clerk to the Board (COB) to provide Clerk and other services to the Commission.
2. Contract Executive Officer plus Contract Part-time Clerical Support working for the Commission (LAFCO Employee)
3. Full time Executive Officer and Full or Part-time Clerical Support-Completely Independent of the County (Both LAFCO Employees).
4. Full time Executive Officer, Full or Part-time Analyst, and Full or Part-time Clerical Support-Completely Independent of the County (All three LAFCO Employees).

Option 1: Status Quo – Contract Executive Officer, Contract between the Commission and the County for the Clerk to the Board to provide Clerk and other services to the Commission. .

This option envisions a continuation of the current arrangement. Pursuant to a March 6, 2014 contract amendment, for fiscal year 2014-15 (effective July 1, 2014) the Executive Officer stipend will be reduced by \$30,000 per year to \$144,588 or \$12,049 per month. This reduction reflects the cost assumed by the Executive Officer for Clerk Services when the original contract was signed. This \$30,000 plus any additional cost for Clerk services from the Clerk will be paid from the Commission's budget. Pursuant to the Contract with the Executive Officer, a cost of living increase will be added to the Executive Officers stipend. After the transition period expires, this option assumes that the new permanent Executive Officer would continue with the current contract arrangement.

Pros: The status quo option would provide a smooth, seamless transition for the recruitment of a permanent LAFCO Executive Officer when the Interim Executive Officer's contract expires. This option assumes a new qualified person would accept an appointment as Executive Officer for the same compensation and no benefits. The continuation of services from the Clerk's office also allows for smooth transition regarding clerk and other services and facilities provided under the contract with the County. The current situation is the most fiscally prudent of the four options. It requires minimal office space, no benefits payments to the Executive Officer (health, retirement, vacation sick leave, etc.), and minimal office equipment purchases. The new Executive Officer would presumably provide his own office space (probably an at-home office), as has been the arrangement for the past 20+ years. The LAFCO office, in its current location, would continue to house the LAFCO files and would be available for meetings and onsite staff work.

The current arrangement with the Clerk to the Board (COB) is working well. The COB's staff is trained and would be able to assist the new permanent Executive Officer with agenda preparation, special notices, document filing, minutes, website postings, etc. The COB's office is located in the County Administration Office building and is accessible to LAFCO applicants and members of the public.

Monthly billings for Clerk services averages 48 hours per month or about 12 hours per week. Full year billing by the COB's Office for LAFCO Clerk services is projected to be between \$52,000 and \$60,000. This arrangement is an apparent increase in costs when

compared to the arrangement with Braitman and Associates, but is economically competitive when compared to the costs of either hiring a full or part time clerical/clerk staff as an employee of LAFCO. Any employee arrangement would require a benefits package, with the total cost of such services. Results of a salary and benefit survey of clerk costs are included at the end of this staff report. More economical part-time arrangements can be investigated, but would not likely be significantly lower than the low range of project COB costs. Hence, the COB option is competitive even with the current County Administrative overhead rate of 75.65 percent this year, increasing to 85 percent in fiscal year 2014-2015.

The COB option also has advantages in terms of staffing supervision and backup support. The department head of the COB (Mike Allen) provides supervisory support of all COB employees, including the clerk who performs clerk services for the Commission. The cost for this oversight is included in the overhead rate. With such oversight, the COB is able to assign other COB staff to fill in for LAFCO clerking duties when the current designated clerk is unavailable.

Cons: It would be difficult to hire a permanent qualified contract Executive Officer with the current stipend and no benefits.

Option 2: Contract Executive Officer plus Contract Full or Part-time Clerical Support working for the Executive Officer or the Commission.

This option is a slight variation on Option 1. The Executive Officer would continue under the current contract arrangement, but the Commission Clerk would be an employee of the Executive Officer or Commission. The Clerk could be a contract employee for the Executive Officer or a full or part-time employee for the Commission. The full-time employee option would be more costly because it would require benefits.

Pros: This option would result in an employee being dedicated to LAFCO duties. Also, offering a regular salary and benefits would more likely bring stability to the position in terms of retaining qualified productive staff. .

Cons: Periods of transition could be more difficult when staff turnover occurs due to the need for specialized training for LAFCO procedures. Also, there is no backup should the clerk employee be on vacation or absent for any reason.

The single employee approach has more limited resources for copying, mailing, office equipment, website management, etc.

Option 3: Full time Executive Officer and Part-time Clerical Support-Completely Independent of the County. (Both LAFCO Employees).

This option would be a departure from the current staffing arrangement and would require terminating existing contracts and hiring the LAFCO staff as employees of the Commission.

Pros: The staff would be employees of the Commission rather than independent contractors. It may be more attractive for potential employees to apply to work for a Commission that provides benefits.

Cons: This option would require benefits for the Executive Officer and a Part-time Clerk. This would increase the Commission's budget, and contributions by funding agencies, substantially. Although employers have some discretion in which benefits it provides to its employees, most typical benefits could include social security, Medicare, employer contribution to retirement, employer health plan contribution, SDI/SUI, federal unemployment contribution, life insurance, care allowance, and a deferred compensation plan (401k/457 plan).

In neighboring coastal LAFCO's the percentage of benefits to salaries averages 59.43 percent.

Option 4: Full time Executive Officer, Full or Part-time Analyst, and Full or Part-time Clerical Support. All LAFCO employees.

As with Option 3. above, this option would make LAFCO staff employees of the Commission. This option would increase SBLAFCO staff by adding a Full or Part-time Analyst position to Option 3. This is a similar arrangement that is currently utilized by neighboring coastal LAFCO's such as Ventura, San Luis Obispo and Monterey. The permanent staff could be housed in the County building or space could be leased. For instance, San Luis Obispo LAFCO pays \$3,167 per month for leased office space. Monterey LAFCO pays \$1,941 per month. New space would require furniture, office equipment, such as a copier, computers and printers, etc. Staff would also receive benefits, such as those described in Option 3, above.

Pros: The staff would be directly accountable to the Commission as employees rather than independent contractors. This may a conceptual difference, such the current Executive Officer serves at the pleasure of the Commission and may be terminated with 60-days written notice by either party. However, it may be more attractive for potential

employees, such as a permanent Executive Officer, analyst and clerk, to apply to work for a Commission that provides benefits to its employees. This option would also provide additional staff to prepare comprehensive Municipal Service Reviews and Sphere of Influence updates utilizing an in house staff. More complex projects, such as preparation of environmental impact reports and other environmental documents, fiscal impact analyses, etc., could be contracted out with the applicant or benefitting agency paying the cost.

Cons: As with Option 3. above, this option would require benefits for the Executive Officer and a Part-time Clerk. This would increase the Commission's budget, and contributions by funding agencies, substantially. Although employers have some discretion in what benefits it provides to its employees, most typical benefits could include social security, Medicare, employer contribution to retirement, employer health plan contribution, SDI/SUI, federal unemployment contribution, life insurance, and a deferred compensation plan. In neighboring LAFCO's the percentage of benefits to salaries is in the 56-72% range.

Option 4 would increase the cost of SB LAFCO operations substantially. For comparison, the 2013-14 fiscal year operating budgets of Santa Barbara LAFCO and some neighboring coastal LAFCO's, is as follows:

	<u>Budget</u>	<u>Salaries</u>	<u>Benefits</u>	<u>Benefits as % of Salaries</u>
Santa Barbara LAFCO	\$347,862	\$174,588	\$0.00	0.00
Ventura LAFCO	\$675,769	\$328,000	\$183,970	56.10
San Luis Obispo LAFCO	\$508,261	\$228,164	\$165,184	72.24
Monterey LAFCO	\$781,991	\$408,946	\$199,391	48.76
Santa Cruz	\$547,100	\$188,000	\$113,900	60.60

It should be noted that both Ventura and Monterey LAFCO are funded for two LAFCO Analysts, the Executive Officer and a Clerk. San Luis Obispo LAFCO has an Executive Officer, Analyst and Clerk. Santa Cruz LAFCO has an Executive Officer and a Clerk. A survey of the above four LAFCO for the cost of Full-Time Commission Clerk services indicated the salary and benefit costs as follows:

	<u>Salary</u>	<u>Benefits</u>	<u>Total Cost</u>
Ventura LAFCO	\$76,206	\$32,005	\$108,211
San Luis Obispo LAFCO	\$47,843	\$28,757	\$ 76,600
Monterey LAFCO	\$58,054	\$22,000	\$ 80,054
Santa Cruz LAFCO	\$60,944	\$36,933	\$ 97,877

Please contact the LAFCO office if you have any questions.

Sincerely,



PAUL HOOD
Executive Officer