

December 4, 2014 (Agenda)

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

## **Consideration of Future Staffing Options for Santa Barbara LAFCO**

Dear Members of the Commission

### RECOMMENDATION

It is recommended that the Commission review the following Staffing Options and provide direct 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 future permanent Staffing Options be reviewed and discussed before preparation of the Commission's 2015-16 Budget. A similar review of Staffing Options was presented to the Commission at the April 3, 2014 meeting. It is the desire of staff and the Commission that this discussion will provide direction for preparation of the Proposed and Final 2015-16 budget. It should also provide direction for long-term funding and staffing options for Santa Barbara LAFCO. This report assumes that Legal Services would continue to be provided by County Counsel's Office.

The following are the permanent Staffing Options as envisioned by staff:

1. Status Quo – Contract Executive Officer, Contract between the Commission and Clerk to the Board (COB) for Clerk Support. This option could also provide additional funds for outside consulting services for updates to the Municipal Service Reviews/Spheres of Influence.
2. Contract Executive Officer plus Contract Part-time (non-County) Clerk/Clerical Services. This option could also provide additional funds for outside consulting services for updates to the Municipal Service Reviews/Spheres of Influence.

3. Full time Executive Officer and Part-time Clerical Support-Completely Independent of the County (Both LAFCO Employees). This option could also provide additional funds for outside consulting services for updates to the Municipal Service Reviews/Spheres of Influence.
4. Full time Executive Officer, Full or Part-time Clerk/Analyst (one position) - Completely Independent of the County (Both LAFCO Employees). This option would reduce the need for additional funds for outside consulting services for updates to the Municipal Service Reviews/Spheres of Influence.
5. Full time Executive Officer, Full-time Analyst, and Full-time Clerk/Clerical Support- Completely Independent of the County (Both LAFCO Employees). This option would reduce the need for additional funds for outside consulting services for updates to the Municipal Service Reviews/Spheres of Influence.

The five staffing options may be summarized as follows:

|    | <u>Position</u>   | <u>Employment Status</u> | <u>FTE</u> |
|----|-------------------|--------------------------|------------|
| 1. | Executive Officer | Contract                 | N/A        |
|    | Commission Clerk  | Contract-COB             | N/A        |
| 2. | Executive Officer | Contract                 | N/A        |
|    | Commission Clerk  | Contract-LAFCO           | 0.5        |
| 3. | Executive Officer | LAFCO Employee           | 1.0        |
|    | Commission Clerk  | LAFCO Employee           | 0.5        |
| 4. | Executive Officer | LAFCO Employee           | 1.0        |
|    | Clerk/Analyst     | LAFCO Employee           | 1.0        |
| 5. | Executive Officer | LAFCO Employee           | 1.0        |
|    | Analyst           | LAFCO Employee           | 1.0        |
|    | Commission Clerk  | LAFCO Employee           | 1.0        |

The five staffing options are discussed in greater detail below:

**Option 1:** Status Quo – Contract Executive Officer, Contract between the Commission and Clerk to the Board for Clerk (COB) Support. This option could also provide additional funds for outside consulting services for updates to the Municipal Service Reviews/Spheres of Influence.

This option envisions a continuation of the current arrangement. Pursuant to a March 6, 2014 contract amendment, for 2014-15 the Executive Officer stipend was reduced by \$30,000 per year to \$144,588 or \$12,049 per month. The \$30,000 plus any additional cost for Clerk services from the COB, are now being paid from the Commission's budget. This contractual arrangement was extended in the 2014-15 budget, with a COLA added to the Executive Officers stipend. The contract between the Commission and the County for Commission Clerk services will continue until terminated either party with sixty days written notice. After the current two-year contract with the Interim Executive Officer expires on June 30, 2015, unless extended, Option 1 assumes that the new permanent Executive Officer would continue with the current contractual 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. The current situation is the most fiscally prudent of the five options. It requires minimal office space rent, no benefits payments (health, retirement, vacation sick leave, etc.), and minimal office equipment purchases. Status quo staffing would not require additional office space since the new Executive Officer could reside in the County or in an adjacent County, 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 well trained and would be able to assist the new permanent Executive Officer with agenda preparation, 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 for the current fiscal year is averaging 56 hours per month or about 12-15 hours per week. The 2014-15 Commission Budget for full year billings by the COB's Office for LAFCO Clerk services is \$60,000. However, it is important to note that COB billings for LAFCO Clerk services includes an 82.12% County Administrative Overhead rate. The overhead rate will most likely increase in future years. Under Option 1, the Commission would continue to pay roughly half of the

clerk's costs with the remainder being financed in Fiscal Year 2014-15 by a \$30,000 reduction in the Executive Officer's contractual staff services account.

Cons: The current and previous arrangement with Contract Executive Officer staff was facilitated by qualified staff residing in neighboring Counties (San Luis Obispo and Ventura). Since LAFCO Executive Officer qualifications require a unique set of skills, it could be hard to recruit for a permanent contract Executive Officer from out of the area. Additionally, the contract position provides no benefits, such as 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 addition, there is also an uncertainty of serving with a sixty day termination clause with termination without cause. Most permanent management employee contracts generally include a severance clause - e.g., six month pay upon termination without cause.

Limited clerical support in Option 1 requires the Executive Officer to assume duties and tasks that would normally be carried out by clerical staff. For instance, processing travel claims for conferences, seminars and meetings, such as CALAFCO Board of Directors meetings and responding to information requested by the Outside Auditor, etc.

Lastly, the minimal staffing as provided for in Option 1, provides limited staff resources for large development projects, annexations, reorganization, Municipal Service Review/Sphere of Influence Updates. The Commission has budgeted \$40,000 for reserves that could be designed for unexpected expenses.

**Option 2:** Contract Executive Officer plus Contract 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 and/or Commission. The Clerk could be a contract employee or a full or part-time employee reporting directly to the Executive Officer or the Commission. The part-time employee option, rather than a contract employee, could be more costly because it could require limited benefits.

Pros: The main benefit of Option 2 is a reduced cost for Commission Clerk/Clerical support. This option would not require the payment of County Administrative Overhead costs, currently set at 82.12% in 2014-15, for COB Clerk services. Costs for Clerk services could be reduced by approximately 45 percent or \$27,000 per year. However, it

is important to note that the Executive Officer stipend was reduced by \$30,000 in 2013-14 so the savings for Option 2 could be considered cost neutral.

Cons: There would be a training and learning curve in hiring a new employee to provide Clerical/Clerk services. The current arrangement with the COB provides additional depth that would not be available to a new part-time Commission Clerk employed by the Commission. The COB's Office has employees that can step up when things are busy. A new Clerk would need to be provided with equipment for copying, mailing, office supplies, website management, etc. There could also be an added cost for benefits if the Clerk is an employee of LAFCO. Office space rental may also be necessary.

**Option 3:** Full time Executive Officer (LAFCO employee) and Part-time Clerk/Clerical Support (LAFCO employee).

This option would be a departure from the current staffing arrangement and would require a contract amendment making the LAFCO staff employees of the Commission.

Pros: The staff would be directly accountable to the Commission as employees rather than independent contractors. It should be noted that LAFCO staff is currently directly accountable because there is a 60-day termination clause in the employee contract. The main benefit is that it would expand the base of potential future employees because benefits would be offered.

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 they provide to 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). Severance clause - e.g., six month pay upon termination without cause.

In neighboring coastal LAFCO's the percentage of benefits to salaries is in the 51-75% range.

**Option 4:** Full time Executive Officer, Full-time Clerk/Analyst. Both LAFCO employees. Option 4 would reduce the need for additional funds for outside consulting services for updates to the Municipal Service Reviews/Spheres of Influence.

As with Option 3 above, this option would be a departure from the current staffing arrangement and would require a contract amendment making the LAFCO staff employees of the Commission. This option would increase SBLAFCO staff by adding a Full-time Clerk/Analyst position to Option 3. Combining the Clerk and Analyst position is an arrangement that is being used in a number of LAFCOs. It would add time to complete and update Municipal Service Review/Sphere of Influence updates at times when clerical support is not needed, e.g. when preparing and mailing agenda packets and following up on meetings.

The permanent staff could be housed in the County building or space could be leased. 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 be 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 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 also require benefits for the Executive Officer and a Full-time Clerk/Analyst. This option would also 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 coastal LAFCO's the percentage of benefits to salaries is in the 51-75% range.

**Option 5:** Full time Executive Officer, Full-time Analyst, and Full-time Clerk (All LAFCO Employees). Option 5 would reduce the need for additional funds for outside consulting services for updates to the Municipal Service Reviews/Spheres of Influence.

As with Options 3 and 4 above, this Option 5 would be a departure from the current staffing arrangement and would require a contract amendment making the LAFCO staff employees of the Commission. This option would increase SBLAFCO staff by adding a Full-time Analyst and a Full-time Commission Clerk to Option 3 and 4. This is a similar arrangement that is currently utilized by neighboring coastal LAFCO's such as Ventura, San Luis Obispo and Monterey. Santa Cruz LAFCO does not have an analyst, but has a larger budget for legal support.

The permanent staff could be housed in the County building or space could be leased. 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.

The main difference between Options 4 and 5 is that Option 5 would provide funding for three full time employees. This is also the most costly option.

Pros:

As in Options 3 and 4, above, the staff would be directly accountable to the Commission as employees rather than independent contractors. Again, this may be 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 to work for a Commission that provides benefits to it employees. This option would also provide additional staff to prepare comprehensive Municipal Service Review/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. Option 5 would reduce the need for additional funds for outside consulting services for updates to the Municipal Service Reviews/Spheres of Influence.

The permanent staff could be housed in the County building or space could be leased. 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 Options 3 and 4, above.

Cons:

As with Options 3 and 4 above, this option would also require benefits for the Executive Officer and a Full-time Analyst and Commission Clerk. This option would also 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 coastal LAFCO’s the percentage of benefits to salaries is in the 41-75% range.

Coastal LAFCO Budget Comparisons:

A comparison, the 2014-15 fiscal year operating budgets, staff and benefit costs of Santa Barbara LAFCO and some neighboring coastal LAFCO’s, is as follows:

|                       | <u>Budget</u> | <u>Staff Costs</u> | <u>Benefits</u> | <u>Benefits as % of Salaries</u> |
|-----------------------|---------------|--------------------|-----------------|----------------------------------|
| Santa Barbara LAFCO   | \$400,949     | \$206,757          | \$0.00          | 0.00                             |
| Ventura LAFCO         | \$641,949     | \$310,000          | \$166,200       | 53.61                            |
| San Luis Obispo LAFCO | \$527,838     | \$233,907          | \$176,019       | 75.25                            |
| Monterey LAFCO        | \$779,600     | \$419,000          | \$185,000       | 44.15                            |
| Santa Cruz            | \$572,700     | \$193,700          | \$100,200       | 51.73                            |

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, with a larger budget for legal services.

Conclusion:

Each of the five Staffing Options outlined above comes with pros and cons (advantages and disadvantages). Each is directly related to future SBLAFCO budgets. The cost is also directly related to workload. Does the Commission want to embark on a more comprehensive Municipal Service Review/Sphere of Influence Update program or is the current process of determining if there are any changes necessary in the previously adopted MSR/SOI’s that would require more staff to complete in-house or is addition



funding for outside consultants a better option. This decision is directly linked to preparation of the 2015-16 Proposed SBLAFCO Budget that is scheduled for review by the Commission at the April 2, 2105 meeting.

Please contact the LAFCO office if you have any questions.

Sincerely,



PAUL HOOD  
Executive Officer