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6

AGENDA REPORT Consent | Action

May 7, 2018

TO: San Diego Commissioners

FROM: Keene Simonds, Executive Officer
Ruth Arellano, Executive Assistant

SUBJECT: **Commissioner Compensation |
Approval of New Per Diem Rates Beginning in FY2019**

SUMMARY

The San Diego Local Agency Formation Commission (LAFCO) will consider approving an increase in compensation paid to Commissioners involving per diems starting July 1, 2018. The proposed increase would mark the first change since February 2002 and raises per diems from \$100 to \$200 for each regular and special meeting attended. The proposed increase is adequately covered in the adopted operating budget for 2018-2019 and is being presented for approval along with related change to adopted policies.

BACKGROUND

Per Diems | Policies and Rates

San Diego LAFCO Policy Rule No. 2-10 authorizes the payment of per diems to Commissioners for their time in participating in regular and special meetings.¹ This rule was established in 1991 in step with an enabling change in LAFCO law with the initial rate set at \$50. The rate was subsequently increased to the current amount of \$100 in February 2002. In the late 2000s, and consistent with changes in Internal Revenue Service directives, Commissioners became LAFCO employees for tax purposes and the per diems were adjusted to include Federal and State withholdings.

¹ The referenced rule separately provides reimbursements for costs expended in attending Commission meetings, including – but not limited to – automobile miles, tolls, and parking.

DISCUSSION

This item is for San Diego LAFCO to consider approving a per diem change to increase the payment rate from \$100 to \$200 beginning July 1, 2018. The proposed increase was contemplated and appropriately funded in the adoption of the operating budget for 2018-2019, and as detailed below has been brought forward by staff to collectively address (a) inflation, (b) additional workload, and (c) consistency with other LAFCOs. A related approval to amend LAFCO Rule No. 2-10 to formally reflect the rate change is also included.

Inflation

The current per diem rate of \$100 was established in February 2002. The consumer price index rate in the San Diego region as calculated by the Department of Labor shows the adjusted value of the current per diem is now \$143.

Commission Workload

The current per diem rate was established following a comprehensive rewrite of LAFCO law enacted in January 2001 and significantly expanded the Commission's regulatory and planning responsibilities.² The rewrite is marked by two new notable directives to now oversee outside service extensions as well as regularly prepare municipal service reviews with the latter task requiring considerable Commission attention now and going forward.

Consistency with Other LAFCOs

Staff conducted a survey of other urban LAFCOs in California and identified the current average per diem rate among the 11 responding agencies is \$123 as detailed in the corresponding footnote.³ The average rate increases to \$156 when the comparison is narrowed to the four other four urban LAFCOs in the southern region. The current per diem range among the others in the region is \$200 in San Bernardino and \$100 in Orange.

ANALYSIS

Increasing the per diem at San Diego LAFCO to \$200 appropriately responds to the considerations outlined in the preceding section. These considerations are highlighted by addressing nearly two decades of accumulated inflation since the last rate change while recognizing the Commission's expanded duties and time commitments therein. The latter is illustrated by the need for Commissioners to review increasingly voluminous agenda items given the continued expansion in its regulatory and planning responsibilities and the factors prescribed by the Legislature in making related determinations. Nonetheless, the

² Reference to the Cortese-Knox-Hertzberg Local Government Reorganization Act of 2000.

³ Consistent with CALAFCO policy there are a total of 14 urban designated LAFCOs in California. These urban LAFCOs follow with their current per diems provided in parenthesis: San Diego (\$100), Alameda (n/a), Contra Costa (\$150), Fresno (\$100), Kern (\$100), Los Angeles (\$150), Orange (\$100), Riverside (\$175), Sacramento (\$100), San Bernardino (\$200), San Francisco (\$125), San Mateo (n/a), Santa Clara (n/a), and Ventura (n/a).

San Diego LAFCO

May 7, 2018 Regular Meeting

Agenda Item No. 6 | Commissioner Compensation: Approval of New Per Diem Rates Beginning in FY2019

proposed rate keeps the Commission within the existing range of other LAFCOs in the southern region, albeit at the top end and commensurable with its earned reputation.

ALTERNATIVES FOR ACTION

The following alternatives are available to San Diego LAFCO:

Alternative One (Recommended):

- (a) Approve an increase in per diems to \$200 starting July 1, 2018; and
- (b) Authorize the Executive Officer to make the conforming changes to LAFCO Policy Rule No. 2-10.

Alternative Two:

Continue to the next regular meeting and provide direction to staff as needed.

Alternative Three:

Take no action.

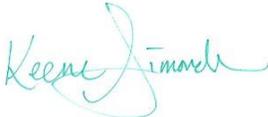
RECOMMENDATION

It is recommended San Diego LAFCO proceed with the actions outlined in the preceding section as Alternative One.

PROCEDURES

This item has been placed on 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.

Respectfully,



Keene Simonds
Executive Officer

Attachment:

- 1) LAFCO Policy Rule No. 2-10

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2.10 PER DIEMS AND REIMBURSEMENTS –

Pursuant to Government Code Section 56334, which permits LAFCOs to authorize payment of per diems to commissioners for attendance of commission meetings, the Commission has established a per diem rate of \$100 for each day Commissioners and Alternates are in attendance at commission meetings. Commissioners and Alternates shall be reimbursed for reasonable and necessary expenses incurred in attending meetings and in performing official LAFCO duties.

Pursuant to Government Code Section 56380, the Commission shall make its own provisions for the usual and necessary operating expenses incurred by the Local Agency Formation Commission. To facilitate compatibility between the Commission and County reimbursement practices, San Diego LAFCO will adhere to the following rules:

1. The San Diego Local Agency Formation Commission adopts the County's guidelines for out-of-county/in-county business and expense reimbursement;
2. Authorizes the Executive Officer or the Commission Chairman/Chairwoman to approve necessary exceptions to the normal maximum rates and types of expense claims allowed by the County; and
3. On a quarterly basis, the Executive Officer will notify the Commission of any exceptions authorized under Item 2 above that significantly depart from County guidelines.

Adoption History: Article II, Sections 2.10

Adopted March 4, 1991

Updated February 7, 2000

Re-affirmed and adopted December 4, 2000

Reaffirmed February 4, 2002

Administratively Revised and Updated May 24, 2005

Comprehensively Updated and re-adopted March 3, 2008

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