



**Local Agency
Formation Commission
of Santa Clara County**

777 North First Street
Suite 410
San Jose, CA 95112
SantaClaraLAFCO.org

Commissioners

Susan Ellenberg
Sequoia Hall
Sergio Jimenez
Linda J. LeZotte
Rob Rennie
Mike Wasserman
Susan Vicklund Wilson

Alternate Commissioners

Cindy Chavez
Maya Esparza
Yoriko Kishimoto
Russ Melton
Terry Trumbull

Executive Officer
Neelima Palacherla

**FINANCE COMMITTEE MEETING AGENDA
SPECIAL MEETING**

May 24, 2019 • 2:00 PM

LAFCO Conference Room, 777 North First Street, Suite 410, San Jose CA 95112

Finance Committee Members: Sequoia Hall, Linda J. LeZotte, Russ Melton

NOTICE TO THE PUBLIC

1. Pursuant to Government Code §84308, no LAFCO commissioner shall accept, solicit, or direct a contribution of more than \$250 from any party, or his/her agent; or any participant or his /or her agent, while a LAFCO proceeding is pending, and for three months following the date a final decision is rendered by LAFCO. Prior to rendering a decision on a LAFCO proceeding, any LAFCO commissioner who received a contribution of more than \$250 within the preceding 12 months from a party or participant shall disclose that fact on the record of the proceeding. If a commissioner receives a contribution which would otherwise require disqualification returns the contribution within 30 days of knowing about the contribution and the proceeding, the commissioner shall be permitted to participate in the proceeding. A party to a LAFCO proceeding shall disclose on the record of the proceeding any contribution of more than \$250 within the preceding 12 months by the party, or his or her agent, to a LAFCO commissioner. For forms, visit the LAFCO website at www.santaclaralafco.org. No party, or his or her agent and no participant, or his or her agent, shall make a contribution of more than \$250 to any LAFCO commissioner during the proceeding or for 3 months following the date a final decision is rendered by LAFCO.
2. Pursuant to Government Code Sections 56100.1, 56300, 56700.1, 57009 and 81000 et seq., any person or combination of persons who directly or indirectly contribute(s) a total of \$1,000 or more or expend(s) a total of \$1,000 or more in support of or in opposition to specified LAFCO proposals or proceedings, which generally include proposed reorganizations or changes of organization, may be required to comply with the disclosure requirements of the Political Reform Act (See also, Section 84250 et seq.). These requirements contain provisions for making disclosures of contributions and expenditures at specified intervals. More information on the scope of the required disclosures is available at the web site of the FPPC: www.fppc.ca.gov. Questions regarding FPPC material, including FPPC forms, should be directed to the FPPC's advice line at 1-866-ASK-FPPC (1-866-275-3772).
3. Pursuant to Government Code §56300(c), LAFCO adopted lobbying disclosure requirements which require that any person or entity lobbying the Commission or Executive Officer in regard to an application before LAFCO must file a declaration prior to the hearing on the LAFCO application or at the time of the hearing if that is the initial contact. In addition to submitting a declaration, any lobbyist speaking at the LAFCO hearing must so identify themselves as lobbyists and identify on the record the name of the person or entity making payment to them. Additionally, every applicant shall file a declaration under penalty of perjury listing all lobbyists that they have hired to influence the action taken by LAFCO on their application. For forms, visit the LAFCO website at www.santaclaralafco.org.
4. Any disclosable public records related to an open session item on the agenda and distributed to all or a majority of the Commissioners less than 72 hours prior to that meeting are available for public inspection at the LAFCO Office, 777 North First Street, Suite 410, San Jose, California, during normal business hours. (Government Code §54957.5.)
5. In compliance with the Americans with Disabilities Act, those requiring accommodation for this meeting should notify the LAFCO Clerk 24 hours prior to the meeting at (408) 993-4705.

1. PUBLIC COMMENTS

This portion of the meeting is reserved for persons desiring to address the Committee on any matter not on this agenda. Speakers are limited to THREE minutes. All statements that require a response will be referred to staff for reply in writing.

2. COMPREHENSIVE ORGANIZATIONAL ASSESSMENT

Recommended Action:

- a. Retain an independent professional services firm to conduct a comprehensive organizational assessment of LAFCO.
- b. Add \$50K to the FY 2020 LAFCO Budget under the Reserves line item, to timely implement potential recommendations from the organizational assessment.

3. ADJOURN

Recommended Action: Set date and time for the next Finance Committee meeting, as necessary.



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DATE: May 23, 2019
TO: LAFCO FINANCE COMMITTEE
FROM: Neelima Palacherla, Executive Officer
Dunia Noel, Asst. Executive Officer
SUBJECT: COMPREHENSIVE ORGANIZATIONAL ASSESSMENT

STAFF RECOMMENDATIONS

1. Retain an independent professional services firm to conduct a comprehensive organizational assessment of LAFCO.
2. Add \$50K to the FY 2020 LAFCO Budget under the Reserves line item, to timely implement potential recommendations from the organizational assessment.

REASON FOR RECOMMENDATIONS

LAFCO and its Business Needs Have Evolved Over the Years

The Cortese Knox Hertzberg Local Government Reorganization Act of 2000 which became effective in 2001, substantially reformed LAFCO law, requiring LAFCOs become more independent in funding and staffing; giving LAFCOs greater overall authority and new responsibilities; requiring LAFCOs to adopt written policies and procedures for its operations, and to conduct service reviews and update spheres of influence, and to consider new factors. The State Legislature continues to look to LAFCOs as a local watchdog on sustainable growth and good governance matters and expand LAFCO’s responsibilities.

Today, Santa Clara LAFCO is subject to more regulations, works on projects that are more controversial and contentious, receives greater public and local agency scrutiny, and works more proactively (e.g. outreach and education) to increase the effectiveness of the organization.

The Commission has grown (adding two Special District Board Members and one alternate since 2013), altered its political structure, and expanded its participation at the state and local level (at CALAFCO Conferences, CALAFCO Legislative Committee and CALAFCO Executive Board), increasing administrative and coordination requirements.

The Commission has also added staff over the years and now leases its own independent office space necessitating new facility and equipment management duties and more independent administrative activities.

Concerns with Organizational Structure, Recruitment, and Succession Planning

The County recently notified LAFCO that LAFCO staffs' (Executive Officer, Analysts, and Clerk) existing bargaining unit contracts (CEMA and SEIU contracts) were set to expire soon. Per the MOU between the County and LAFCO, during this period LAFCO may request that the County review the LAFCO staff positions' compensation and classification to determine that they are appropriate for the positions.

Most of the current LAFCO staff have served the Commission for over 17 years. The organization is anticipated to experience some staffing changes in the near-term and beyond. LAFCO has a small staff and is in a very vulnerable position should any of its staff leave. LAFCO must be prepared for any potential personnel changes and be proactive in its succession planning efforts.

LAFCO's evolving business needs are not met with the existing organizational and staffing structure. Even in the current structure, the positions no longer align with actual duties and experience requirements. Please see Attachment A for summary of some issues with the existing LAFCO Staff positions.

Positions (job descriptions, experience levels, and compensation, and possibly organizational structure) need to be reviewed to facilitate recruitment, retention and succession planning.

Rather than focus solely on individual positions, it would be prudent for LAFCO to conduct a more comprehensive assessment of the organization and address other equally important interconnected issues.

We therefore recommend that an independent and comprehensive organizational assessment be conducted in order to address the following:

- Organization and reporting structure
- Clarification of job descriptions and compensation
- Promotion/growth path to encourage employee longevity
- Performance evaluation
- Professional development and training/career path
- Retention and recruitment of quality staff
- Succession planning and preservation of institutional knowledge
- Any other issues identified through the assessment

The assessment will identify any organizational and structural vulnerabilities and provide recommendations on how LAFCO and the County can better address those vulnerabilities. The assessment will support succession planning efforts that ensure consistency, continuity, and reliability in the services that LAFCO provides to affected agencies and the community.

Fiscal Implications

Based on similar independent assessments done by other LAFCOs, it is anticipated that the assessment would cost approximately \$25K and would be funded from the Consultant Services line item. There may be ongoing financial implications if any

consequent recommendations are followed, and for this reason we recommend adding \$50K to the Fiscal Year 2020 Reserves.

ATTACHMENT

Attachment A: Some Issues with Existing LAFCO Staff Position Classifications & Organizational Structure

SOME ISSUES WITH EXISTING LAFCO STAFF POSITION CLASSIFICATIONS & ORGANIZATIONAL STRUCTURE

The following provides examples of issues related to specific existing positions:

Concerns Relating to LAFCO Office Specialist Position (Clerk)

The LAFCO Office Specialist position (Clerk) is a unique classification that was developed to meet the unique needs of the LAFCO Office at that time (i.e. 2005). The volume, level of responsibility, technical, and analytical nature of the work conducted by the Clerk has grown and changed significantly since the creation of the unique classification.

Were the LAFCO Office Specialist position to become vacant, it is very unlikely that LAFCO will be able to find, let alone attract, interested job applicants with the same skills, experience, and adaptability, particularly the current compensation and title. The current occupant functions more as a Junior Analyst and Office Manager, spending a large percentage of their time on higher-level duties that are not part of their current job description:

- As application proposals have become more complex and controversial, the Clerk gathers data on specific issues, analyzes information, and presents findings to management which are incorporated into studies, staff reports and presentations.
- Critical tasks have become more complex and time-intensive to complete, creating a need to analyze existing administrative and office management procedures, develop more streamlined procedures, and create and maintain procedures manuals.
- Increased scrutiny from affected agencies, stakeholders, and the general public of LAFCO's policies and decisions necessitates more research and analysis of historical records to identify trends or set the record straight.
- New Commission-driven initiatives to increase visibility and public awareness of LAFCO and its mandate requires the position's knowledge and use of advanced graphics software and techniques in order to develop special exhibits for projects; and the Clerk plays a greater role in the management and planning of special LAFCO events.
- As the overall volume of work completed by LAFCO has increased, the Clerk is often the first point of contact for general public, commissioners (elected officials), and affected local agencies, requiring the Clerk to directly respond to certain issues and direct other issues to the correct staff person for prompt resolution. The Clerk regularly corresponds in writing (letters & emails) and orally with City, County, and Special District elected officials; and with management staff at local, regional, and state agencies on important and time-sensitive matters.

- As LAFCO now leases private office space, the Clerk manages LAFCO office services, serves as a liaison to Building Facilities and Management; researches options and coordinates with the County or other vendors for computer software and hardware, printer, phone, security services for the LAFCO office; purchases and maintains inventory of LAFCO office supplies; and coordinates delivery and installation of office equipment. The Clerk is responsible for training other staff on key office procedures/functions in order to ensure adequate back-up and cross training.

Additionally,

- In 2014, Clerk position was designated as LAFCO's Filing Official for Statements of Economic Interest (FPPC Form 700) and is responsible for monitoring and ensuring ongoing compliance. The position is also responsible for monitoring and ensuring Commissioners and Staff ongoing compliance with ethics training/certification requirements (AB 1234).
- Recent changes in State law have resulted in the following additional responsibilities for the Clerk position:
 - Since 2016, compiles, posts, and updates catalog of application software that is used enterprise wide in compliance with SB 272 (Enterprise System).
 - Since 2017, assists in the implementation of SB 1266 (Joint Powers Authorities filings with LAFCO).
 - Since 2018, facilitates the convening of the Independent Special Districts Selection Committee to appoint a special district representative and alternate representative to the Countywide Redevelopment Agency Oversight Board.

Furthermore, the volume of work performed by the LAFCO Clerk is now beyond a single position. The current occupant manages to complete this increased volume due to their having over 17 years of experience in the position.

In late December 2018, LAFCO staff expended a significant amount of time preparing and submitting a classification review for the LAFCO Clerk in order to better reflect the requirements, duties, and responsibilities of the position. However, LAFCO staff recently learned that the County Employee Services Agency denied the reclassification request. The County's processes are not designed to easily address such unique situations.

Concerns Relating to LAFCO Analyst Positions

The role, responsibilities, duties, and compensation for the LAFCO Analyst position, particularly when the more senior Analyst manages the LAFCO Office and makes executive decisions in the Executive Officer's absence (e.g. planned time-off and emergencies) was recently called into question by the County. This specific issue was discussed and thought to have been resolved when the unique classification for the LAFCO Analyst was approved by the County in 2008. However, a recent request to provide the senior Analyst with additional compensation for "work out of

classification” during the Executive Officer’s planned vacation time off was denied by the County. EO Palacherla is in the process of working with the County to resolve this. However, this incident points to a need to find a more permanent and transparent solution that addresses the unique structure of the LAFCO office.

The LAFCO Office now has two Analyst positions. The current occupants have different levels of responsibility due to differences in knowledge and experience, with one functioning essentially as an Assistant Executive Officer, but this difference is not formalized or reflected in title or compensation.

Concerns Relating to LAFCO Executive Officer Position

Contra Costa LAFCO recently conducted a survey of LAFCO Executive Officer salaries for the Bay Area/Urban LAFCOs which indicated that the Santa Clara LAFCO Executive Officer’s salary was not comparable to their peers.