REQUEST TO GRANT LOCAL GOVERNMENT ASSOCATIONS REQUSTEST TO DELAY HEARING

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CSAC SB 90 Services

Issues

- Number one is standing of local government associations, particularly those representing the governing boards, and
- Number two, is the need to delay the adoption of an RRM for years and to have confusion, legal issues, and substantial costs incurred for a few months

General Issue

- Are, based on the proviso ions and intent of AB 1222 (Laird) of 2007, statewide associations of local governments, such as California State Association of Counties, League of CA Cities (League) and the California School Boards Association (CSBA) more than just another interested party?

Background

- CSAC (March 15th) requested delay of April 19th hearing to prepare a RRM, hopefully with DOF, and if DOF does not agree, to requesting t he CSM to adopt an RRM
  - Outlined four month schedule:
    - Complete draft survey in March
    - Visit local agencies to field test survey in April
    - Survey local agencies in May
    - Analyze & calculate survey results in June
    - Negotiate with DOF on an RRM in June and July
    - Submit proposed P & G amendment with a week after agreement is reached
    - CSAC commented local associations committed to doing all possible to reach agreement with DOF
    - Commented schedule would give state more data to decide impact of Governor's proposed suspension of PRA

Background (continued)

- Executive Director denied request on March 18th
- CSBA requested Executive Director reconsider CSAC request on March 27
- CSM denied request on March 29th
- Allan Burdick filed appeal of Executive Director's Decision on April 8th (10th and final day to file appeal)
- Executive Director response filed earlier this week, including a challenge to 76tMr. Burdick's not representing CSBA and if CSAC SB 90 Service is a party of interest with standing to file the appeal
  - Not standing in the shoes of a statewide association and having no "pecuniary state in the test claim"

Background (continued)

- I think you can ask the Chair if I have ever done anything in our over 30 years of jostling with each other that would lead him to believe I would ever do anything but represent local government
- CSAC SB 90 Service members have clearly have a pecuniary interest, and one of those members is the great county of Los Angeles. This is, however, not the first time the Service has disagreed with LA County on a mandate issue. Their representatives are only doing what they think is in the best interest of their County.
- By the way, I serve at the pleasure of CSAC and not MGT of America
- I have always made it clear to any company that contracted with CSAC for its SB 90 Service, that I would never do anything that I would not have done when I was a CSAC staff member
- CSM Executive Director appears to have taken the "quasi" out of CSM's quasi-judicial process

Pecuniary (Webster)

- Definition of *PECUNIARY*. 1. : consisting of or measured in money. 2. : of or relating to money. — pe·cu·ni·ar·i·ly **...**

Time Line – Will a few months matter?

- October 15, 2002: L.A. County filed test claim
- June 26, 2003, Riverside USD filed test claim
- CSM action
- March 13, 2007: CSBA AB 138 lawsuit
- May 11, 2011: CSM Filed PRA Mandate Exists
- April 2011: LA County files Draft P's and G's
- March 15 or 16, 2013, CSM submits final staff analysis
- Proposed hearing: April 19, 2012

- Question: After nearly 10 years later – what would a few months matter in order to save state and local funds and meet legislature's desire to adopt RRM's and avoid all the time and resources to file actual cost claims?

Good Cause

- Potentially saves over State Controller over a million dollars
- Saves local government agencies millions of dollars to conduct time studies and prepare detailed actual cost claims

PRA as RRM Model

- Thanks to the DOF being cooperative again for a long time (my opinion), the proposed survey and RRM approach is being approached by local agencies, DOF and SCO as the model for RRM's
- CSM decision today will determine urgency to get the RRM done

Best Example - POBOR

- Very large complicated claim, should be over $20 million a year, state is assuming debt of about $7 million a year (my best guess)
- Initial claims only allow actual cost claims
- State Controller audited and reduced initial claims by over 90% due to lack of documentation; ineligible activities, etc.
- P's & G's amended to add RRM along with option to file actual cost claims
- 99% of agencies now file RRM claims and take a major hair cut, which I hope to fix once the CSAC request to amend the RRM that was filed in June 2010 gets set for hearing
- Controller and local costs related to audits are probably in the million dollar plus range

Costs

- Actual cost method – every agency filing a claim would have to do a time study and the SCO desk review and audit staff would need to consider if it needs to review and audit those time studies
  - Cities – 489
  - Counties – 58
  - School Districts – 1000
  - Community College College Districts – 80 or 90 (best guess)
  - Special Districts – thousands

  Would most likely be the largest local government filing\

  Clearly easier for counties to do time studies than any of the group

SCO – Locals Must File Actual Cost Claims to Qualify for filing RRM

- CSM points out a local agency could file a request to amend the actual cost parameters and guidelines with 90 days after the filing date for the initial claims
  - CSAC has five (5) such requests pending assignment with the CSM, the first was filed in June 2010
- SCO notified me its position is in that order for a local government to file a PRA claim using an RRM adopted by the Commission after the original P's and G's are adopted, they must have filed an actual cost within the 16 months time frame after the issuance of the SCO claiming instructions.

Expected Supporters

- League of California Cities on behalf of nearly 500 members
- California School Boards on behalf on nearly 1000 members
- California State Association of Counties (L.A. County may cause problem)
- California Small School Districts Association on behalf of their nearly 60 members
- Rural Council of
- County of Yolo Auditor
- City of Oxnard
- California Special Districts Association
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