

**COUNTY OF SAN LUIS OBISPO BOARD OF SUPERVISORS
AGENDA ITEM TRANSMITTAL**

(1) DEPARTMENT Administrative Office	(2) MEETING DATE July 9, 2013	(3) CONTACT/PHONE Emily Jackson, Administrative Analyst/ 781-5011	
(4) SUBJECT The Board of Supervisors will hold a public hearing to consider approval of ordinances creating the Office of Auditor-Controller-Treasurer-Tax Collector-Public Administrator.			
(5) RECOMMENDED ACTION It is recommended that the Board of Supervisors approve the following ordinances: <ul style="list-style-type: none"> • Repeal Chapter 2.13 Section .010 Qualifications and .020, Continuing Education of the County Code to remove the qualifications and continuing education requirements for the Office of Treasurer-Tax Collector-Public Administrator; • Amend Chapter 2.20 Section .030 of the County Code related to the consolidation of duties of the Auditor-Controller with the Treasurer-Tax Collector-Public Administrator; • Amend Chapter 2.12 Section .010, Qualifications and Section .020, Continuing Education of the County Code to establish the qualifications and continuing education requirements for the position of Auditor-Controller-Treasurer-Tax Collector-Public Administrator. 			
(6) FUNDING SOURCE(S) N/A	(7) CURRENT YEAR FINANCIAL IMPACT \$0.00	(8) ANNUAL FINANCIAL IMPACT \$0.00	(9) BUDGETED? N/A
(10) AGENDA PLACEMENT <input type="checkbox"/> Consent <input type="checkbox"/> Presentation <input checked="" type="checkbox"/> Hearing (Time Est. <u>60 min</u>) <input type="checkbox"/> Board Business (Time Est. <u> </u>)			
(11) EXECUTED DOCUMENTS <input type="checkbox"/> Resolutions <input type="checkbox"/> Contracts <input checked="" type="checkbox"/> Ordinances <input type="checkbox"/> N/A			
(12) OUTLINE AGREEMENT REQUISITION NUMBER (OAR) N/A		(13) BUDGET ADJUSTMENT REQUIRED? BAR ID Number: N/A <input type="checkbox"/> 4/5th's Vote Required <input checked="" type="checkbox"/> N/A	
(14) LOCATION MAP N/A	(15) BUSINESS IMPACT STATEMENT? No	(16) AGENDA ITEM HISTORY <input type="checkbox"/> N/A Date: <u>5/14/2013, 6/18/2013</u>	
(17) ADMINISTRATIVE OFFICE REVIEW Gregory J. Schulte, Assistant CAO			
(18) SUPERVISOR DISTRICT(S) All Districts -			

County of San Luis Obispo



TO: Board of Supervisors

FROM: Emily Jackson, Administrative Analyst

DATE: July 9, 2013

SUBJECT: The Board of Supervisors will hold a public hearing to consider approval of ordinances creating the Office of Auditor-Controller-Treasurer-Tax Collector-Public Administrator.

RECOMMENDATION

It is recommended that the Board of Supervisors approve the following ordinances:

- Repeal Chapter 2.13 Section .010 Qualifications and .020, Continuing Education of the County Code to remove the qualifications and continuing education requirements for the Office of Treasurer-Tax Collector-Public Administrator;
- Amend Chapter 2.20 Section .030 of the County Code related to the consolidation of duties of the Auditor-Controller with the Treasurer-Tax Collector-Public Administrator;
- Amend Chapter 2.12 Section .010, Qualifications and Section .020, Continuing Education of the County Code to establish the qualifications and continuing education requirements for the position of Auditor-Controller-Treasurer-Tax Collector-Public Administrator.

DISCUSSION

In October 2012 the elected Treasurer-Tax Collector-Public Administrator retired after 35 years in office. On May 14, 2013, staff brought a discussion item to the Board to seek policy direction on a possible consolidation of the Auditor-Controller and Treasurer-Tax Collector-Public Administrator's offices. After careful deliberation, the Board voted to proceed with a consolidation of the offices.

The consolidation of these offices is allowed by Government Code §24300.5 which states that "the board of supervisors may by ordinance consolidate the offices of auditor, controller, treasurer, tax collector, and director of finance." Case law and Attorney General opinions provide that the consolidation of elective county offices may not be made effective before the expiration of the terms provided by law, unless there is a vacancy that occurs during the term of one of the offices. The current vacancy in the Office of Treasurer-Tax Collector-Public Administrator provides an opportunity to consolidate the offices at this time.

This item is a hearing to consider adoption of the necessary ordinances to amend the County Code to enable the consolidation of offices. The proposed ordinances are included as Attachments 1-3. A summary of the necessary changes is as follows:

Code Sections to be Amended	
Code Section	Summary of Changes
2.20.030 Separation and Consolidation of Duties	To consolidate the duties of the Auditor-Controller with the Treasurer-Tax Collector-Public Administrator. This code section states that the compensation for the consolidated office shall be established by the Board of Supervisors. The power to establish compensation will remain with the Board of Supervisors.
2.12.010 Qualifications	To establish the qualifications that the Auditor-Controller-Treasurer-Tax Collector- Public Administrator must possess in order to hold office. The qualifications for the Offices of Auditor-Controller and Treasurer-Tax Collector-Public Administrator are set by statute and are

	identified in Government Code §26945 and §27000.7, respectively.
2.12.020 Continuing Education	To establish the continuing education requirements for the individual holding the consolidated office. The continuing education requirements for the Offices of Auditor-Controller and Treasurer-Tax Collector-Public Administrator are set by statute and are identified in Government Code §26945.1 and §27000.8, respectively.

Code Sections to be Repealed	
Code Section	Summary of Changes
2.13.010 Qualifications	To remove the qualifications and continuing education requirements for the former office of Treasurer-Tax Collector-Public Administrator from the County Code, due to the elimination of the position.
2.13.020 Continuing Education	

Per Government Code §25123, the ordinances cannot be effective for at least 30 days from the date of final passage, which is expected to occur on July 9, 2013.

During the Board's May 14th discussion, the Board expressed concern over the recommended increases to compensation and directed staff to provide additional information about how the consolidation would be implemented. Specifically, the Board requested information in four areas. These issues are ones that staff has taken into consideration as a consolidation of these offices has been considered. Under the direction of the Auditor-Controller, staff from both the Auditor-Controller and Treasurer-Tax Collector-Public Administrator's offices was divided into working groups to provide specific response to the Board-identified issues. Detailed responses are contained in a memo from the Auditor-Controller to the Board, included as Attachment 8. A brief summary of those responses is included below:

- ISSUE: Preservation of the organizational culture of each department, and each department's strong focus on providing a high level of customer service
 - RESPONSE: Staff will approach consolidation as the creation of a new department, drawing on the strengths and expertise of staff in each, with a heavy focus on maintaining high levels of customer service. The new department will continue to place significant focus on responsiveness, accuracy, unbiased reporting, and creating and maintaining conservative policies to safeguard the County's finances. To achieve this, staff at all levels will participate on committees and working groups to address a variety of issues related to organizational culture and the integration of departmental processes and procedures.
- ISSUE: Consideration of how to maintain appropriate checks and balances, and internal controls
 - RESPONSE: In consultation with other County departments, outside auditors, and other relevant bodies such as the County Treasury Oversight Committee and the Debt Advisory Committee, staff will pursue a variety of strategies to ensure the continuation of checks and balances and internal controls. Strategies will include:
 1. An organizational structure which maintains distinct divisions, overseen by separate Division Managers
 2. The use of the County's financial software systems' controls and security features, which include detailed audit trails and the ability to limit access to procedures and authorizations to specific staff
 3. The use of an independent, outside auditor to conduct audits of the Treasury to ensure compliance with the Treasurer's Investment Policy
- ISSUE: Development of a clear staffing plan
 - RESPONSE: As discussed in the May 14th staff report, several staffing changes will occur immediately upon consolidation. In the longer term, efforts will also be made to identify opportunities to consolidate similar classifications currently in the separate departments into a single classification, which will ultimately provide the department with greater flexibility and opportunities for cross training. Other staffing needs will be identified as departmental systems and processes are integrated. While there will be a focus on drawing upon the varied expertise of staff, the department plans to utilize the services of an organizational consultant to design a timeline and comprehensive staffing plan which focuses on staff assignments, training, cross training and tracking results.
- ISSUE: Development of an implementation plan for Information Technology (IT) projects and a clear vision of how to integrate the two departments' systems

- RESPONSE: Both departments have dedicated automation staff who will bring significant automation expertise to the consolidated department. The County has an established process for the implementation of large scale IT projects. The process utilizes expertise of multi-departmental project teams and steering committees which are led by the Information Technology Department. Given this, there is no anticipated impact to the implementation of existing or development of future projects. Existing automation staff in both departments will continue to provide support and expertise. By combining departments and their respective automation staffs, it is likely that there will be greater opportunity for staff to work closely to identify opportunities to integrate information technology systems.

Based on concerns over compensation, staff is no longer recommending compensation increases at this time.

OTHER AGENCY INVOLVEMENT/IMPACT

County Counsel has provided guidance on the process for enabling a consolidation of offices and has assisted in the development of the proposed ordinances. County Counsel has also reviewed and approved the ordinances as to form and legal effect. Staff from both the Auditor-Controller and Treasurer-Tax Collector-Public Administrator's offices worked together to provide responses to the issues that were identified during the Board's May 14th discussion.

FINANCIAL CONSIDERATIONS

The May 14, 2013 item to the Board identified an expected annual savings of \$323,104 in the third year of consolidation and beyond. The reported savings were due to the elimination of positions and temporary help, partially offset by increased compensation for some management staff, a necessary reclassification, as well as costs associated with using an outside auditor to perform independent audits of the Treasury. Detailed information related to expected savings can be found in the May 14, 2013 item (included as Attachment 7).

Because staff is no longer recommending compensation increases, the annual salary savings from consolidation is expected to increase by approximately \$70,000 in year three and beyond.

RESULTS

Approval of the recommended ordinances to amend the County Code will enable the consolidation of the Offices of Auditor-Controller and Treasurer-Tax Collector-Public Administrator effective 30 days after passage.

ATTACHMENTS

1. Ordinance to amend Section 2.20.030 of the County Code- clean version
2. Ordinance to amend Sections 2.12.010 and 2.12.020 of the County Code- clean version
3. Ordinance to repeal Sections 2.13.010 and 2.13.020 of the County Code- clean version
4. Ordinance to amend Section 2.20.030 of the County Code- strikethrough version
5. Ordinance to amend Sections 2.12.010 and 2.12.020 of the County Code- strikethrough version
6. Ordinance to repeal Sections 2.13.010 and 2.13.020 of the County Code- strikethrough version
7. May 14, 2013 Board Item
8. Auditor-Controller Memo