

**SANTA BARBARA COUNTY
BOARD AGENDA LETTER**



Clerk of the Board of Supervisors
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Agenda Number:
Prepared on: 3/21/2006
Department Name: Clerk-Recorder-Assessor
Department No.: 062
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Placement: Administrative
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Continued Item: NO
If Yes, date from:

TO: Board of Supervisors

FROM: Joe Holland, County Clerk-Recorder-Assessor

STAFF CONTACT: Jimbo McClure
x 2574

SUBJECT: Elections Billing Methods

Recommendation(s):

That the Board of Supervisors:

- (a) Approve the following proposed billing method changes for billing of election services commencing in Fiscal Year 06-07.
 - a. Exclude from billings, all labor cost associated with the voter registration process and state/federal petition processing.
 - b. Exclude from billings to local agencies, all County-wide indirect cost (Cost Allocation Plan A-87)
 - c. For all Uniform District Elections (UDELS) and Special Local Elections, use a factor of 1 for the first issue on the ballot of each agency plus a factor of 0.10 for each additional issue within an agency, representing the incremental cost of each issue.
 - d. For all Statewide General and Primary Elections, use a factor of 1 for the first countywide issue on the ballot plus a factor of 0.10 for each additional countywide issue. All local agencies participating would be assigned a factor of 0.25 representing the incremental cost of adding a local issue on the ballot plus a factor of 0.10 for each additional issue within a local agency.

Alignment with Board Strategic Plan: The recommendation(s) are aligned with Goal No. 1, an Efficient Government and Goal No. 3. A Strong Professionally Managed County Organization.

Executive Summary and Discussion: It has been over 20 years since the Board of Supervisors approved the current billing method for Election Services. During the last two years we have had several inquiries from cities and districts about our billing method and what is included and excluded from costs being billed

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to these agencies. As a result, we contracted with an independent consultant experienced in fee studies and evaluations of billing methods throughout California as well as Washington State. We also conducted our own review and sent out a survey to all 58 counties regarding the costs they include in their billings. As a general comment, both the consultant's research and responses from our survey, clearly shows there is no consistency across counties nor do the various Government, Elections, or Education codes provide clear-cut guidance on what can or cannot be billed. Having said that, there are some particularly grey areas we would propose addressing by changing our billing method.

- (a) Our current billing method includes costs for voter registration services. We feel this process is inherent in the County's responsibilities as the Registrar of Voters and is performed by the county so that all Federal and Statewide elections may be held, whether or not there are local issues. Therefore, we recommend that labor costs associated with this function be excluded from recoverable costs. The same is true for all Federal/State Initiative Petition processing.
- (b) For the last 2 fiscal years, based upon County Counsel advice, we have not included in the cost of an Election, any county-wide indirect cost (i.e. cost associated with CEO, Auditor-Controller, Human Resources, County Counsel etc) allocated to us via the Cost Allocation Plan, thus we have not billed any local agency for this cost. There are conflicting code sections dealing with whether or not the county-wide services identified in the Cost Allocation Plan and developed under the guidance of OMB circular A-87, can be billed to cities. As discussed above, based upon our responses from our survey, some counties bill for these expenses while others do not. The consultant we contracted with verified the same thing based upon over 20 years of experience working with counties. Given the above discussion, we recommend excluding it, at this time, from recoverable costs from local agencies for elections services.
- (c) For our Uniform District Election Law (UDEL) and Local Special Elections, we currently use a factor of 1 for each issue on a ballot. This factor is then multiplied by the number of voters registered in that district or city to compute an aggregate number of registered voters. Each issue on the ballot is then assigned an aggregate voter percent by which we then allocate much of the cost for an election. Based on our review, we believe that the relationship between the number of issues on a ballot for each agency and cost is not linear. Without question, there are additional costs associated with an agency adding issues on a ballot; however, they are clearly incremental in nature. Our proposal encompasses this incremental cost allocation method.
- (d) For our Primary and General elections, we have also used a factor of 1 for each issue. A main difference for these types of elections, as opposed to a UDEL or Local Special Election where the Board of Supervisors has a choice of conducting the election, is that the County is mandated to conduct all state and federal elections. Therefore, we would recommend a factor of 1 for the first federal or state issue, then an incremental factor of 0.10 for each additional countywide issue to allocate incremental costs. Recognizing that local agencies consolidating with a federal or state election, further add incremental cost over and above the mandated requirement, we recommend a factor of 0.25 for any local agency who participates and an incremental factor of 0.10 for additional issues within the same local agency. The added incremental costs experienced by adding local agency issues to a federal or state election involves additional costs for ballot language, increased ballot and sample ballot types, etc.

We believe these recommended revisions to the current method of assigning election costs more closely reflect the costs as they are incurred, and result in billings that are fair and reasonable to all parties involved.

Another question that comes up periodically that we thought your board might be interested in is “***Is the County required to run City elections?***” County Counsel’s opinion is that the county is only obligated to conduct city elections that fall on specified statewide election dates (the first Tuesdays in June (primary) & November (general) of even numbered years), but not city elections that fall on odd-numbered election years. These consolidations are always subject to the approval of the Board of Supervisors. This view is consistent with the counties that responded to our survey as well as the Government Finance Research (The Consulting Firm hired by the county to review our billing procedures) report on the Election Billing Procedures.

Mandates and Service Levels: The recommendation has no impact on mandates or service levels

Fiscal and Facilities Impacts: These proposed changes do not change the cost of the elections process. They do, however, change the allocation of election costs among the various agencies participating, thus impacting the amount billed and therefore the potential revenues of the Elections Division. For example, if these changes had been in place for the November 2005 Consolidated State Special/UDEL election, our revenues would have been lower....from \$87K by \$18K or about 21%.

Relevant Code Sections EC 10002, EC 10520, EC 13001, and GC 54985 are included in Attachment 1.

Special Instructions: The Clerk-Recorder-Assessor Department will separately distribute copies to all local agencies that use our elections services.

**Concurrence: County Executive Office
County Counsel
Auditor-Controller**

Attachment 1

10002. The governing body of any city or district may by resolution request the board of supervisors of the county to permit the county Elections official to render specified services to the city or District relating to the conduct of an election. Subject to approval of the board of supervisors, these services shall be performed by the county elections official.

The resolution of the governing body of the city or district shall specify the services requested.

Any city that requests the board of supervisors to permit the elections official to prepare the city's election materials shall, if the board of supervisors agrees to provide such services, supply the county elections official with a list of its precincts, or consolidated precincts, as applicable, no later than 61 days before the election.

Unless other arrangements satisfactory to the county have been made, the city or district shall reimburse the county in full for the services performed upon presentation of a bill to the city or district.

10520. Each district involved in a general district election in an affected county shall reimburse the county for the actual costs incurred by the county elections official thereof in conducting the general district election for that district. The county elections official of the affected county shall determine the amount due from each district and shall bill each district accordingly.

13001. (a) All expenses authorized and necessarily incurred in the preparation for and conduct of elections as provided in this code shall be paid from the county treasuries, except that when an election is called by the governing body of a city the expenses shall be paid from the treasury of the city. All payments shall be made in the same manner as other county or city expenditures are made. The elections official, in providing the materials required by this division, need not utilize the services of the county or city purchasing agent.

**GOVERNMENT CODE
SECTION 54985-54988**

54985. (a) Notwithstanding any other provision of law that prescribes an amount or otherwise limits the amount of a fee or charge that may be levied by a county, a county service area, or a county waterworks district governed by a county board of supervisors, a county board of supervisors shall have the authority to increase or decrease the fee or charge, that is otherwise authorized to be levied by another provision of law, in the amount reasonably necessary to recover the cost of providing any product or service or the cost of enforcing any regulation for which the fee or charge is levied. The fee or charge may reflect the average cost of providing any product or service or enforcing any regulation. Indirect costs that may be reflected in the cost of providing any product or service or the cost of enforcing any regulation shall be limited to those items that are included in the Federal Office of Management and Budget Circular A-87 on January 1, 1984.

(b) If any person disputes whether a fee or charge levied pursuant to subdivision (a) is reasonable, the board of supervisors may request the county auditor to conduct a study and to determine whether the fee or charge is reasonable.