



City of Encinitas

RECEIVED
May 29, 2020
**Commission on
State Mandates**

Office of
The Mayor

May 29, 2020

Ms. Heather Halsey
Executive Director
Commission on State Mandates
980 Ninth Street, Suite 300
Sacramento, CA 95814

Catherine S. Blakespear
Mayor

Response to Test Claim 19-TC-03, Assembly Bill No. 805 SANDAG's Independent Performance Auditor Staffing and Other Increased Cost

Kellie Shay Hinze
Deputy Mayor

Dear Ms. Halsey:

On behalf of the City of Encinitas, I am writing to express my support for the test claim submitted by the San Diego Association of Governments (SANDAG) on March 19, 2020, related to "Assembly Bill 805 (AB 805) SANDAG's Independent Performance Auditor Staffing and Other Increased Cost."

Tony Kranz
Council Member

AB 805 mandates that SANDAG appoint an Independent Performance Auditor (IPA) to conduct or to cause to be conducted performance audits of all departments, offices, boards, activities, agencies, and programs relating to the agency. It also provides that the IPA have the power to appoint and employ employee personnel as believed necessary for efficient and effective administration of affairs of the office. The IPA is also charged with the responsibilities to investigate any material claim of financial fraud, waste or impropriety within the agency, claimant, or other persons.¹

Joe Mosca
Council Member

A statute creates a "program" when it creates: "[1] programs that carry out the governmental function of providing services to the public, or [2] laws which, to implement a state policy, impose unique requirements on local governments and do not apply generally to all residents and entities in the state." *County of Los Angeles v. State of California*, 43 Cal. 3d 46, 56 (1987). A program is "new" if the local governmental entity had not previously been required to institute it." *County of Los Angeles v. Comm'n on State Mandates*, 110 Cal. App. 4th 1176, 1189 (2003).

Jody Hubbard
Council Member

The purpose of the constitutional provision requiring reimbursement to local governments for a new program is to prevent "transferring to [local] agencies the fiscal responsibility for providing services which the state believed should be extended to the public." *County of Los Angeles*, 43 Cal. 3d at 56-57. The test claim statute meets this definition of a "program."

Karen P. Brust
City Manager

Prior to AB 805, the IPA position at SANDAG did not exist. Further the requirement to create this position is unique to SANDAG as the statute does not apply to similar regional agencies statewide. The Legislature anticipated that AB 805 would impose a

¹ Public Utilities Code Section 132354.1 (b) (2), (3), and (4),(c),(d), and (e)

mandate on SANDAG, as indicated in the legislative history. The Senate Committee on Appropriations (August 28, 2017) determined the fiscal effect of the bill to be “Unknown, potentially reimbursable local mandate costs to...establish an in-house audit committee and independent auditor within SANDAG... To the extent SANDAG, MTS, and/or NCTD files a successful claim for reimbursement with the Commission on State Mandates, this bill could result in significant General Fund impacts.” The Assembly Committee on Appropriations (May 17, 2017) found the fiscal effect to be “Unknown, potentially reimbursable mandate costs, likely in the several hundreds of thousands of dollars, to the affected local agencies to...establish an audit committee...”

Although these comments are not binding on the Commission, see Cal. Government Code § 17575, it is clear the Legislature understood the statute would “transfer[] to [local] agencies the fiscal responsibility for providing services which the state believed should be extended to the public.” County of Los Angeles, 43 Cal. 3d at 56-57.

Similarly, the Department of Finance stated it opposed AB 805 because “it appears to create a reimbursable state mandate.” The potentially reimbursable components included requiring a higher level of audit functions from SANDAG though Finance could not quantify the potential fiscal impact of the bill on SANDAG.

Though SANDAG can and has assessed membership assessment fees, the amounts collected are not sufficient to pay for the full mandated program increased cost. As a result of the state-imposed mandate, in 2019, SANDAG doubled membership assessments fees to help recover some of the increased costs that resulted from the state-imposed mandate. Since April 2019, the assessments have and continue to be used to offset the cost mandated cost, but there are residual costs associated with the state-imposed mandate. Given the current economic situation, SANDAG member agencies are unable to further increase their member assessment contributions. The amounts collected are not sufficient and do result in costs incurred that are not fully covered by offsets, thus the remainder of the cost associated with the mandate-imposed actions and increased level of activity is what SANDAG is seeking through this test claim.

For these reasons, the City of Encinitas encourages the Commission on State Mandates to approve SANDAG’s test claim, reimbursing the claimant for incurred, eligible expenses.

I declare under penalty of perjury under the laws of the State of California that the foregoing is true and correct to the best of my personal knowledge, information and belief.

Sincerely,

A handwritten signature in black ink, appearing to read "Catherine Blakespear". The signature is fluid and cursive, with the first name being more prominent.

Catherine Blakespear, Mayor

DECLARATION OF SERVICE BY EMAIL

I, the undersigned, declare as follows:

I am a resident of the County of Sacramento and I am over the age of 18 years, and not a party to the within action. My place of employment is 980 Ninth Street, Suite 300, Sacramento, California 95814.

On June 1, 2020, I served the:

- **City of Del Mar's Comments on the Test Claim filed May 29, 2020**
- **City of Encinitas' Comments on the Test Claim filed May 29, 2020**
- **City of Solana Beach's Comments on the Test Claim filed May 29, 2020**
- **City of Carlsbad's Comments on the Test Claim filed May 29, 2020**

SANDAG: Independent Performance Auditor, 19-TC-03
Public Utilities Code Section 132354.1 (b)(1), (2), (3), (4)
San Diego Association of Government (SANDAG), Claimant

By making it available on the Commission's website and providing notice of how to locate it to the email addresses provided on the attached mailing list.

I declare under penalty of perjury under the laws of the State of California that the foregoing is true and correct, and that this declaration was executed on June 1, 2020 at Sacramento, California.

Lorenzo Duran

Lorenzo Duran
Commission on State Mandates
980 Ninth Street, Suite 300
Sacramento, CA 95814
(916) 323-3562

COMMISSION ON STATE MANDATES

Mailing List

Last Updated: 5/5/20

Claim Number: 19-TC-03

Matter: SANDAG: Independent Performance Auditor

Claimant: San Diego Association of Government (SANDAG)

TO ALL PARTIES, INTERESTED PARTIES, AND INTERESTED PERSONS:

Each commission mailing list is continuously updated as requests are received to include or remove any party or person on the mailing list. A current mailing list is provided with commission correspondence, and a copy of the current mailing list is available upon request at any time. Except as provided otherwise by commission rule, when a party or interested party files any written material with the commission concerning a claim, it shall simultaneously serve a copy of the written material on the parties and interested parties to the claim identified on the mailing list provided by the commission. (Cal. Code Regs., tit. 2, § 1181.3.)

Socorro Aquino, *State Controller's Office*

Division of Audits, 3301 C Street, Suite 700, Sacramento, CA 95816

Phone: (916) 322-7522

SAquino@sco.ca.gov

Allan Burdick,

7525 Myrtle Vista Avenue, Sacramento, CA 95831

Phone: (916) 203-3608

allanburdick@gmail.com

J. Bradley Burgess, *MGT of America*

895 La Sierra Drive, Sacramento, CA 95864

Phone: (916)595-2646

Bburgess@mgtamer.com

Evelyn Calderon-Yee, Bureau Chief, *State Controller's Office*

Local Government Programs and Services Division, Bureau of Payments, 3301 C Street, Suite 740, Sacramento, CA 95816

Phone: (916) 324-5919

ECalderonYee@sco.ca.gov

Gwendolyn Carlos, *State Controller's Office*

Local Government Programs and Services Division, Bureau of Payments, 3301 C Street, Suite 740, Sacramento, CA 95816

Phone: (916) 323-0706

gcarlos@sco.ca.gov

Annette Chinn, *Cost Recovery Systems, Inc.*
705-2 East Bidwell Street, #294, Folsom, CA 95630
Phone: (916) 939-7901
achinnrcs@aol.com

Carolyn Chu, Senior Fiscal and Policy Analyst, *Legislative Analyst's Office*
925 L Street, Suite 1000, Sacramento, CA 95814
Phone: (916) 319-8326
Carolyn.Chu@lao.ca.gov

Andre Douzjian, Chief Financial Officer, *San Diego Association of Government (SANDAG)*

Claimant Contact
401 B Street, Suite 800, San Diego, CA 92101
Phone: (619) 699-6931
Andre.Douzjian@sandag.org

Donna Ferebee, *Department of Finance*
915 L Street, Suite 1280, Sacramento, CA 95814
Phone: (916) 445-3274
donna.ferebee@dof.ca.gov

Susan Geanacou, *Department of Finance*
915 L Street, Suite 1280, Sacramento, CA 95814
Phone: (916) 445-3274
susan.geanacou@dof.ca.gov

Dillon Gibbons, Legislative Representative, *California Special Districts Association*
1112 I Street Bridge, Suite 200, Sacramento, CA 95814
Phone: (916) 442-7887
dillong@cnda.net

Heather Halsey, Executive Director, *Commission on State Mandates*
980 9th Street, Suite 300, Sacramento, CA 95814
Phone: (916) 323-3562
heather.halsey@csm.ca.gov

Chris Hill, Principal Program Budget Analyst, *Department of Finance*
Local Government Unit, 915 L Street, Sacramento, CA 95814
Phone: (916) 445-3274
Chris.Hill@dof.ca.gov

Jason Jennings, Director, *Maximus Consulting*
Financial Services, 808 Moorefield Park Drive, Suite 205, Richmond, VA 23236
Phone: (804) 323-3535
SB90@maximus.com

Edward Jewik, *County of Los Angeles*
Auditor-Controller's Office, 500 W. Temple Street, Room 603, Los Angeles, CA 90012
Phone: (213) 974-8564
ejewik@auditor.lacounty.gov

Anita Kerezsi, *AK & Company*
2425 Golden Hill Road, Suite 106, Paso Robles, CA 93446

Phone: (805) 239-7994
akcompanysb90@gmail.com

John Kirk, General Counsel, *San Diego Association of Government (SANDAG)*

Claimant Representative

401 B Street, Suite 800, San Diego, CA 92101
Phone: (619) 699-1997
John.Kirk@sandag.org

Lisa Kurokawa, Bureau Chief for Audits, *State Controller's Office*
Compliance Audits Bureau, 3301 C Street, Suite 700, Sacramento, CA 95816
Phone: (916) 327-3138
lkurokawa@sco.ca.gov

Erika Li, Program Budget Manager, *Department of Finance*
915 L Street, 10th Floor, Sacramento, CA 95814
Phone: (916) 445-3274
erika.li@dof.ca.gov

Jill Magee, Program Analyst, *Commission on State Mandates*
980 9th Street, Suite 300, Sacramento, CA 95814
Phone: (916) 323-3562
Jill.Magee@csm.ca.gov

Elizabeth McGinnis, *Commission on State Mandates*
980 9th Street, Suite 300, Sacramento, CA 95814
Phone: (916) 323-3562
Elizabeth.McGinnis@csm.ca.gov

Michelle Mendoza, *MAXIMUS*
17310 Red Hill Avenue, Suite 340, Irvine, CA 95403
Phone: (949) 440-0845
michellemendoza@maximus.com

Lourdes Morales, Senior Fiscal and Policy Analyst, *Legislative Analyst's Office*
925 L Street, Suite 1000, Sacramento, CA 95814
Phone: (916) 319-8320
Lourdes.Morales@LAO.CA.GOV

Debra Morton, Manager, Local Reimbursements Section, *State Controller's Office*
Local Government Programs and Services Division, Bureau of Payments, 3301 C Street,
Suite 740, Sacramento, CA 95816
Phone: (916) 324-0256
DMorton@sco.ca.gov

Andy Nichols, *Nichols Consulting*
1857 44th Street, Sacramento, CA 95819
Phone: (916) 455-3939
andy@nichols-consulting.com

Patricia Pacot, Accountant Auditor I, *County of Colusa*
Office of Auditor-Controller, 546 Jay Street, Suite #202, Colusa, CA 95932
Phone: (530) 458-0424
ppacot@countyofcolusa.org

Arthur Palkowitz, *Artiano Shinoff*

2488 Historic Decatur Road, Suite 200, San Diego, CA 92106

Phone: (619) 232-3122

apalkowitz@as7law.com

Jai Prasad, *County of San Bernardino*

Office of Auditor-Controller, 222 West Hospitality Lane, 4th Floor, San Bernardino, CA 92415-0018

Phone: (909) 386-8854

jai.prasad@atc.sbcounty.gov

Theresa Schweitzer, *City of Newport Beach*

100 Civic Center Drive, Newport Beach, CA 92660

Phone: (949) 644-3140

tschweitzer@newportbeachca.gov

Camille Shelton, Chief Legal Counsel, *Commission on State Mandates*

980 9th Street, Suite 300, Sacramento, CA 95814

Phone: (916) 323-3562

camille.shelton@csm.ca.gov

Carla Shelton, *Commission on State Mandates*

980 9th Street, Suite 300, Sacramento, CA 95814

Phone: (916) 323-3562

carla.shelton@csm.ca.gov

Natalie Sidarous, Chief, *State Controller's Office*

Local Government Programs and Services Division, 3301 C Street, Suite 740, Sacramento, CA 95816

Phone: 916-445-8717

NSidarous@sco.ca.gov

Jim Spano, Chief, Mandated Cost Audits Bureau, *State Controller's Office*

Division of Audits, 3301 C Street, Suite 700, Sacramento, CA 95816

Phone: (916) 323-5849

jspano@sco.ca.gov

Dennis Speciale, *State Controller's Office*

Division of Accounting and Reporting, 3301 C Street, Suite 700, Sacramento, CA 95816

Phone: (916) 324-0254

DSpeciale@sco.ca.gov

Joe Stephenshaw, Director, *Senate Budget & Fiscal Review Committee*

California State Senate, State Capitol Room 5019, Sacramento, CA 95814

Phone: (916) 651-4103

Joe.Stephenshaw@sen.ca.gov

Brittany Thompson, Budget Analyst, *Department of Finance*

Local Government Unit, 915 L Street, Sacramento, CA 95814

Phone: (916) 445-3274

Brittany.Thompson@dof.ca.gov

Jolene Tollenaar, *MGT of America*

2251 Harvard Street, Suite 134, Sacramento, CA 95815

Phone: (916) 243-8913
jolenetollenaar@gmail.com

Evelyn Tseng, *City of Newport Beach*
100 Civic Center Drive, Newport Beach, CA 92660
Phone: (949) 644-3127
etseng@newportbeachca.gov

Brian Uhler, Principal Fiscal & Policy Analyst, *Legislative Analyst's Office*
925 L Street, Suite 1000, Sacramento, CA 95814
Phone: (916) 319-8328
Brian.Uhler@LAO.CA.GOV

Renee Wellhouse, *David Wellhouse & Associates, Inc.*
3609 Bradshaw Road, H-382, Sacramento, CA 95927
Phone: (916) 797-4883
dwa-renee@surewest.net

Hasmik Yaghobyan, *County of Los Angeles*
Auditor-Controller's Office, 500 W. Temple Street, Room 603, Los Angeles, CA 90012
Phone: (213) 974-9653
hyaghobyan@auditor.lacounty.gov