



COUNTY OF SAN DIEGO

Independent Redistricting Commission

COMMISSIONERS

David Bame, Chair
Amy Caterina, Co-Vice Chair
Rosette Garcia, Co-Vice Chair
Colleen Brown
Chris Chen
Sonia Diaz
Elidia Dostal
Barbara Hansen
Kenneth Inman
Kristina Kruglyak
Arvid Larson
Fernandez Ponds
John Russ
Ramesses Surban

INDEPENDENT REDISTRICTING COMMISSION AD HOC COMMITTEE TO DEVELOP A REDISTRICTING BUDGET RECOMMENDATION FINAL REPORT SUBMITTED MAY 27, 2021

EXECUTIVE SUMMARY

Over the course of 16 meetings, the Ad Hoc Committee to Develop a Redistricting Budget Recommendation (Budget AHC) completed three tasks and made multiple recommendations to the County of San Diego (CoSD) Independent Redistricting Commission (IRC). The legal budget was reviewed, and necessary adjustments made. The Budget AHC also updated the IRC budget to reflect additional expenses related to legal, translation and IT expenditures and established a reserve to cover any unforeseen expenses. The IRC voted to approve the revised budget of \$1,217,500 and directed staff to request an additional allocation in the amount of \$467,500 from the CoSD Board of Supervisors.

The IRC also discussed the following alternatives from the Budget AHC:

- 1) Possible expansion of the role of the Budget AHC to include developing processes for additional financial oversight; or,
- 2) Possible creation of a Treasurer role to include additional budgeting and financial oversight; or
- 3) Possible creation of a Budget and Finance Standing Committee.

The IRC did not reach a consensus on which option to consider further.

BACKGROUND

On February 25, 2021, the IRC received a monthly informational budget update from staff during their regularly scheduled meeting¹. During this staff report, revisions to the responsibilities of IRC legal counsel Nielsen Merksamer Parrinello Gross & Leoni LLP (NMPG&L) were discussed and the IRC was informed that a \$400,000 to \$600,000 budget increase would be needed to support an unanticipated increase in the scope of contracted legal services. The IRC received the budget update and requested staff to add an item to consider the formation of an Ad Hoc Committee (AHC) on budget recommendations at the next regularly scheduled IRC meeting².

On March 11, 2021, staff provided an update and recommended the formation of an AHC to update the IRC budget³. The IRC discussed and approved the creation of an AHC (Budget AHC) to develop a redistricting budget recommendation. The IRC approved Commissioners Amy Caterina, Sonia Diaz and Arv

¹ https://www.sandiegocounty.gov/content/dam/sdc/redistricting/docs/ircmeetings/irc-meeting-02-25-21/Item%205_Redistricting%20Budget%20Status%20Update.pdf

² <https://www.sandiegocounty.gov/content/dam/sdc/redistricting/docs/ircmeetings/irc-meeting-03-11-21/2021-02-25-Minutes-Approved.pdf>

³ https://www.sandiegocounty.gov/content/dam/sdc/redistricting/docs/ircmeetings/irc-meeting-03-11-21/Item%205_Discuss%20Redistricting%20Budget%20and%20Consider%20Ad%20Hoc%20Committee_v3.pdf

Larson to serve on the Budget AHC. The AHC’s main purpose is to develop a redistricting budget with three separate tasks identified:

- Review the budgetary impact of changes to the contract with legal counsel;
- Develop recommendations for an update to the redistricting budget as a basis for a request to the Board of Supervisors; and,
- Consider the creation of a standing committee and return to the Commission for consideration.

Item 1: Review of budgetary impact of changes to the contract with legal counsel

The first task that the Budget AHC initiated was a review of the impact of the changes to legal counsel contract. Following meetings with staff, county and external legal counsel, the Budget AHC requested a closed session under the personnel exception, Gov. Code § 54957(b)(1) & (4), employment of NMPG&L, be added to the next regularly scheduled IRC. Following the closed session on April 8, 2021, the Budget AHC conducted research on the financial status of other redistricting commissions in California. Staff also reached out to their counterparts at various redistricting commissions and their findings confirmed the assumptions regarding the need to increase legal expenditures.

The initial legal budget was \$150,000 for expert legal counsel with NMPG&L based on CoSD’s legal services agreement with the firm. The agreement was subsequently amended to include general counsel and procurement counsel not to exceed \$400,000 through March 2022. Additional legal expenditures in the amount of \$60,000 are anticipated for any legal services not included in the NMPG&L amended contract. An additional \$50,000 in expert external legal counsel is also anticipated for expert redistricting counsel that may include rendering opinions on the legal sufficiency of maps or portions of maps and legal questions. The following table illustrates the changes to the legal budget through the terms of the amended contact which concludes in March 2022.

Changes to Legal Budget since 10/28/2020	Amount
Initial Expert Legal Counsel Contract ⁴	\$150,000
Expert Legal Counsel Contract Amended ⁵	\$(150,000)
General Counsel and Procurement Legal Counsel Contract	\$400,000
Additional Legal Counsel ⁶	\$60,000
Expert External Legal Counsel ⁷	<u>\$50,000</u>
Revised Legal Budget 05/13/21	\$510,000

⁴ Nielsen Merksamer Parrinello Gross & Leoni LLP (NMPG&L)’s initial expert legal services contract at \$150,000.

⁵ Amended contract not to exceed \$400,000, including the \$60,000 expensed through February 2021.

⁶ Estimate of additional legal counsel NMPG&L not covered in the current amended contract.

⁷ Estimate of expert legal redistricting counsel that may include rendering opinions on the legal sufficiency of maps or portions of maps, and legal questions.

In summary, the IRC legal budget is expected to increase \$360,000 from \$150,000 to \$510,000 through March 2022.

Item 2: Develop recommendations for an update to the redistricting budget as a basis for a request to the Board of Supervisors

The second task before the Budget AHC was to update the IRC budget in anticipation of requesting additional funding from the CoSD Board of Supervisors. In addition to the changes to the legal expenditures, the Budget AHC updated the contractor budget to reflect the proposed individual budgeted amounts for the outreach and the demographic contractors (\$200,000 each), increased the translation and the IT budgets and established a reserve. The Budget AHC researched the budgets for other independent redistricting commissions to support these assumptions. As a result, the IRC budget is expected to grow \$467,500 from \$750,000 to \$1,217,500.

The IRC currently has two requests for proposals (RFPs) outstanding for competitive procurement of contracted services, one for an outreach contractor and one for a demography contractor, each with a budget of \$200,000. The remaining \$95,000 could be utilized for additional contractors or new or expanded task order(s). The overall budget for Other Contractors has not changed and remains at \$495,000. The following table illustrates the changes to other contractor expenditures:

Other Contractor Budget	Amount
Demography Contractor	\$200,000
Outreach Contractor	\$200,000
Additional Contractor or Task Order (s)	<u>\$95,000</u>
Total Other Contractor Expenditures	\$495,000

The total Other Contractor budget remains unchanged at \$495,000. Additionally, the translation expenditures are expected to increase \$52,500 from \$81,800 to \$134,300 through March 2022. While staff is continuing to investigate ways to reduce the translation expenditures, the current budget reflects the estimated costs for translation and live language interpretation at an additional 15 new IRC meetings budgeted for an estimated average translation and interpretation expense of \$3,500 for a 3-hour meeting. The table below illustrates the changes to the translation expenditures.

Changes to Translation Budget	Amount
Initial Translation Budget (1/13/21)	\$81,800
Add 4 IRC Meetings	\$14,000
Add 5 Educational Tour Meetings	\$17,500
Add 6 Special Meetings	\$21,000
Revised Translation Budget	\$134,300

The translation budget increased \$52,500 from \$81,800 to \$134,300. In addition, the IT expenditures are expected to increase \$5,000 from \$19,100 to \$24,000 to reflect a projected increase in expenses related to IT equipment. The Budget AHC allocated also \$50,000 to a reserve to account for unforeseen future expenses including expenses that may be related to in-person meetings and other needs. The following table illustrates the changes to the IRC Budget through March 2022.

Budget Categories	Current Budget 1/28/21	Proposed Budget through 3/31/22	Explanation
CoSD Allocation to IRC	\$750,000	\$1,217,500	Total Increase \$467,500
Legal Expenditures	\$150,000	\$510,000	Net Increase \$360,000
Other Consultant Expenditures	\$495,000	\$495,000	No change to total amount Added line-items for Demographic and Outreach Consultants
Total IT Expenditures	\$19,100	\$24,100	Increase \$5,000 Additional Equipment
Total Other Expenditures	\$85,900	\$138,400	Increase \$52,500 Additional Translation
Reserve	-	\$50,000	Increase \$50,000 Accounts for Unforeseen Expenses, including in-person public meetings and other expenses

In summary, the total IRC budget increased \$467,500 from \$750,000 to \$1,217,500.

Item 3: Consider the creation of a standing committee and return to the Commission for consideration.

The third task for the Budget AHC focused on establishing a finance and budget Standing Committee. The Budget AHC examined the benefits of additional financial oversight, the cost of Standing Committee public meetings and membership. The costs included an estimated \$2,500-\$3,200 per 1-hr meeting for translation, interpretation, agenda mailing and counsel costs. The total cost for one meeting per month through December 2021 was estimated at approximately \$17,500 - \$22,400. Members of a Standing Committee could be comprised of the Budget AHC Commissioners or other IRC Commissioners.

Due the high cost and time involved, the Budget AHC did not recommend creation of a Standing Committee but did recognize that the IRC may need additional financial oversight processes and procedures.

As a result, the Budget AHC developed three alternatives to present to the IRC for consideration:

- 1) Expand the role of the Budget AHC to include developing processes for financial oversight,
- 2) Create the position of Treasurer and include budgeting and financial oversight functions, or
- 3) Establish a Budget and Finance Standing Committee.

First Option

The first option for the IRC to consider is to expand the role of the Budget AHC to include developing processes for additional financial oversight. The Budget AHC was established with three main purposes: review the budgetary impact of changes to the contract with legal counsel, develop recommendations for an update to the redistricting budget as a basis for a request to the Board of Supervisors and consider the creation of a standing committee and return to the Commission for consideration.

Expanding the role of the Budget AHC would be a quick and effective means to develop processes for additional financial oversight, including overseeing the financial aspects of the two expected contractors and working with the point of contact for each contractor. The single point of contact is intended serve as liaison between Contractor and IRC/CoSD staff facilitating communications, coordination of activities, and review of performance relative to contracted services. The Budget AHC determined that ongoing budgetary and financial analysis would be needed and began looking for a more permanent solution than the temporary nature of an AHC.

A future IRC action could expand the role of the Budget AHC and the IRC Bylaws could be amended to include the additional financial oversight processes.

Second Option

The second option is to create the role of Treasurer to include budgeting and financial oversight. The Budget AHC developed a preliminary job description with a defined role, responsibilities, and duties (see below). The Treasurer could be a current IRC Officer or Commissioner, but the individual would need a strong understanding of budgeting and financial analysis.

A future IRC action could establish a Treasurer position and amend the Bylaws to reflect the Treasurer's role and responsibilities as well procedures.

Third Option

The third and final option under consideration is to establish a budgeting and finance Standing Committee which would conduct all its business in public meetings, likely just prior to a regular IRC meeting. The Standing Committee would hold monthly public meetings and report any findings or recommendations to the full IRC for decision-making. The Standing Committee would be a permanent IRC committee and would be both time consuming and expensive due to additional translation and legal costs (see discussion above).

A future IRC action could form a Budget and Finance Standing Committee and amend the Bylaws to reflect the creation of the Standing Committee.

Recommendation

The Budget Ad Hoc Committee recommended that the IRC establishes the role of Treasurer.

A future IRC action could establish the role of Treasurer to provide additional financial oversight and amend the Bylaws to include the Treasurer's position, role, and responsibilities. Following is a brief description of the role of Treasurer as envisioned by the Budget AHC:

- Understand budgeting and financial accounting;
- Establish budgeting, finance and oversight procedures;
- Manage the Commission's review of and action related to the IRC's financial responsibilities;
- Work with County Staff to present monthly invoices for IRC review and approval;
- Work with County Staff to ensure that monthly financial reports are made available to the IRC;
- Track budget and report to the IRC; and,
- Collaborate with the proposed points of contact regarding monthly contractor invoice.

The IRC did not reach a consensus on which option to consider further.

CONCLUSIONS

- The Budget AHC was given 3 tasks by the IRC. All were completed.
- An AHC-developed revised budget covering expenditures through March 2022 was approved by the IRC. The IRC also approved staff action to request AHC-developed additional funding from the CoSD Board of Supervisors.
- During its assessment of the original IRC budget, understandably developed before IRC formation, the AHC determined that there were several underlying budget assumptions that required revision. Principally, the actual legal services performed during the first several months significantly exceeded the services described in the initial legal contract due to a change in the scope of contracted legal services. It was noted in relevant budget document review that significant changes in this contract were made without prior IRC knowledge or consideration.
- The AHC reported to the IRC their conclusion that some form of financial oversight by the IRC was needed and presented three recommended alternatives for such a process. There appears no consensus for IRC action at this time.
- Given the current legal contract and anticipating two additional service contracts to achieve the redistricting mission, the AHC also believes that financial and contractor oversight are necessarily linked and essential to IRC success. In the AHC's view, such oversight must be the responsibility of the IRC since the underlying legislation created the IRC to be "independent from the influence of the [Board of Supervisors]". Moreover, public perception of this independence is also essential to IRC success.

Appendix - Timeline

On March 25, 2021 and April 8, 2021, the Budget AHC presented status reports to the IRC⁸. On April 22, 2021, the Budget AHC presented an update on the budget and the IRC discussed various options relating to the consideration of a Standing Budget and Finance Committee in Agenda Item 6⁹.

On May 13, 2021, the Budget AHC presented discussion and possible approval of the Redistricting Budget recommendations and considerations related to forming a standing committee in Agenda Items 7¹⁰ and 8¹¹. Item 7 covered the discussion and possible approval of the redistricting budget recommendation¹² from the Budget AHC and Item 8 covered discussion of the following alternatives from the Budget AHC for IRC consideration: 1) Possible expansion of the role of the Budget AHC to include developing processes for additional financial oversight; or 2) possible creation of a Treasurer role to include additional budgeting and financial oversight; or 3) possible creation of a budget and finance standing committee.

During the May 13, 2021 IRC meeting, the Budget AHC recommended that the IRC budget increase by \$467,500 to account for increased legal responsibilities, IT and translation expenses and to establish a reserve, bringing the total IRC budget to \$1,217,500. Following clarifying questions, a public comment section and IRC discussion, the IRC voted unanimously to increase the IRC budget in the amount of \$467,500 to \$1,217,500 and directed staff to request from the San Diego County Board of Supervisors an additional funding allocation in the amount of \$467,500.

Regarding item 8, the Budget AHC did not recommend creation of a Standing Committee due to excessive cost and time commitment. The Budget AHC however did recognize that the IRC may need additional financial oversight. Toward that end, the IRC discussed the following three options under consideration in reference to additional financial oversight: expansion of the role of the Budget AHC to include developing processes for additional financial oversight, creation of the position of Treasurer to include budgeting and financial oversight functions, and establishment of a Budget and Finance Standing Committee. Of these three options the Budget AHC recommended that the IRC consider establishing the role of Treasurer. Following clarifying questions, a public comment section and discussion, no consensus was reached by the IRC on any of the possible options for additional financial oversight. This final report will serve as a summary of the Budget AHC activities and IRC actions.

⁸ March 25, 2015 Agenda Item

<https://www.sandiegocounty.gov/content/dam/sdc/redistricting/docs/ircmeetings/irc-meeting-03-25-21/Item%205-C%20Budget%20AHC%20Report%20-%20presentation.pdf> and April 8, 2021 Agenda Item <https://www.sandiegocounty.gov/content/dam/sdc/redistricting/docs/ircmeetings/irc-meeting-04-08-21/AHC%20Budget%20Update%2004082021.pdf>

⁹ <https://www.sandiegocounty.gov/content/dam/sdc/redistricting/docs/ircmeetings/irc-meeting-05-13-21/2021-04-22-Regular%20Minutes-Approved.pdf>

¹⁰ May 13, 2021 Agenda Item 7

https://www.sandiegocounty.gov/content/dam/sdc/redistricting/docs/ircmeetings/irc-meeting-05-13-21/Item%207_CATERINAS_Budget%20AHC%2005-13-21_updated%20051221.pdf

¹¹ May 13, 2021 Agenda Item 8

https://www.sandiegocounty.gov/content/dam/sdc/redistricting/docs/ircmeetings/irc-meeting-05-13-21/Item%208_CATERINAS_Budget%20AHC%2005-13-21_updated%20051221.pdf

¹² https://www.sandiegocounty.gov/content/dam/sdc/redistricting/docs/ircmeetings/irc-meeting-05-13-21/Item%207_Budget%20AHC%20Recommendation%2005132021.pdf