

LAFCO MEMORANDUM

SANTA BARBARA LOCAL AGENCY FORMATION COMMISSION
105 East Anapamu Street • Santa Barbara CA 93101 • (805) 568-3391 + Fax (805) 568-2249

September 5, 2024 (Agenda)

TO: Each Member of the Commission

FROM: Mike Prater
Executive Officer

SUBJECT: **Receive and File an update from CALAFCO**

This is an Informational Report. No Action is Necessary

DISCUSSION

CALAFCO Board Report. This memo provides the CALAFCO Board Report from July 19, 2024. Among the later action items were the approval of CALAFCO Bylaws amendment proposal regarding Director Attendance, the realignment of CALAFCO's Legislative model, a merit increase to the salary of the Executive Director, reconsideration of the 56133 Legislative Proposal, and a final adjustment of the FY 24-25 budget.

56133 Legislative Proposal

After careful consideration of all of the facts underlying this proposal, which included the legislative intent as memorialized in the legislative history, and the previous legislative committee discussions, the Board unanimously rescinded its approval of the 56133 Proposal.

Realignment of CALAFCO's Legislative Model

In fulfillment of Strategic Plan Goals of increasing CALAFCO's sustainability and building greater legislative effectiveness, the Board approved a new policy, Legislative Platform, and contract with Hurst, Brooks, and Espinosa to transition CALAFCO to a new legislative structure. This new structure is driven by a Legislative Platform and allows the use of professional advocates in the short-term, and builds out a suitable infrastructure for the use of in-house advocates in the future. The Board is hopeful that this shift will not only elevate CALAFCO's advocacy, but will also provide the mechanism for better vetting, and greater regional input on future legislative proposals. See full report in attached Board Packet under Agenda Item No. 8 (page 23). A summary of the reason for this change are outlined in the Executive Directors memo Attachment B. Attachment F provides the regional officers request that the BOD consider the request and provide more information to ensure that all LAFCOs are aware of the proposed change and allow further input at the Annual Meeting during the Conference in Tenaya Lodge.

Bylaw Proposal Regarding Director Attendance

At the April, 2024, meeting, the Board received a recommendation from the Ad Hoc Modernization Committee to approve a new Job Description for Board members. The recommendation was to reduce the number of meetings that a Board member can miss from the current three meetings (representing three-quarters of a year) to two meetings (one-half of a year.) Given that Board member attendance is contained within the CALAFCO By-Laws, the Board approved the Job Description with the attendance change subject to approval of the members. The proposal will be distributed to the Member LAFCOs to advise of the vote at the Annual Meeting.

Attachments

Attachment A – CALAFCO Board Chair Memo

Attachment B – CALAFCO Executive Director Memo

Attachment C – CALAFCO Board Agenda Packet 7-19-24

Attachment D – CALAFCO Legislative Committee Change Platform

Attachment E – CALAFCO Board Attendance Change Proposal

Attachment F – CALAFCO Regional Staff Memorandum

Please contact the LAFCO office if you have any questions.

From: CALAFCO Member Services <members@mg.calafco.org>
Sent: Monday, July 22, 2024 11:52 AM
To: mike.sblafco@gmail.com
Subject: CALAFCO News



BOARD BRIEFING - JULY 19, 2024 MEETING | JULY 2024

FROM THE BOARD CHAIR

Realignment of CALAFCO Legislative Structure

By Margie Mohler, Board Chair & Ad Hoc Modernization Committee Chair

For years, the CALAFCO Board of Directors has recognized the need for a stronger advocacy program. However, we have been constrained by our lack of resources, as well as limitations in what we can spend on advocacy under I.R.S. rules for nonprofit organizations. It is why we have had to rely so heavily on volunteers. However, with volunteerism burnout on the rise, and because of the fast-pace at which legislation moves in Sacramento, the need to modernize our advocacy program was again discussed in 2023 and became one of the goals of the CALAFCO 2023-2026 Strategic Plan. That Strategic Plan also called for the formation of an Ad Hoc Committee to consider how best to move CALAFCO towards those goals. That committee was formed in January of this year and is comprised of myself (representing the Coastal region), Acquanetta Warren (Southern region), Gordon Mangel (Northern region), and Tamara Wallace (Central region.)

After considerable discussion, as well as consideration of input that has been received through the years from various Member staff and regions, the Ad Hoc Committee developed a suggested legislative model that is similar to one used by CSAC, but which utilizes contracted professional advocacy rather than in-house employees. It also maintains the strengths of our current legislative structure - regional input and reliance on LAFCO staff for expertise - while also building in more

inclusivity as it allows more staffers to participate in discussions rather than a predefined few. After vetting the plan with the Executive Committee, other Board members, and the Regional Officers, we proudly presented it to the CALAFCO Board of Directors at the July 19, 2024, meeting where it was unanimously approved.

There is a lot to the structure and process, and I invite you to watch the video below of the Board consideration in order to better understand it all, but the essence is that we have maintained the reliance on LAFCO staff to supply that crucial expertise needed regarding legislation and legislative proposals, while now having full-time professional advocacy through the firm of Hurst, Brooks and Espinosa who are authorized to take positions under the newly approved Legislative Platform. This not only provides us with much-needed bench strength in our advocacy program, but it will also allow CALAFCO to take faster positions, while also having a presence at all of those important Capitol conversations.

As I noted, there is a lot to this new structure, so please take a few moments to watch the presentation. We are very excited by this change as it not only brings us top-notch professional advocacy but also heralds the next step in CALAFCO's evolution into the professional association that you all deserve.

Thank you.

Margie

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BOARD REPORT

The CALAFCO Board of Directors held its third quarter meeting virtually on July 19th. On the Consent agenda were informational reports regarding the Staff Workshop and the Annual Conference. Among the later action items were the approval of a Bylaws amendment proposal regarding Director Attendance, which was sent out

to the membership on the same day after the meeting.

Other items considered during the meeting included the Legislator of the Year Award, reconsideration of the 56133 Legislative Proposal, the realignment of CALAFCO's Legislative model, a merit increase to the salary of the Executive Director, and a final adjustment of the FY 24-25 budget.

Legislator of the Year Award

With the annual Achievement Awards on the horizon, the Board approved awarding the Legislator of the Year Award to Senator Dave Cortese. Staff will be reaching out to the Senator's office to so advise.

56133 Legislative Proposal

After careful consideration of all of the facts underlying this proposal, which included the legislative intent as memorialized in the legislative history, and the previous legislative committee discussions, the Board unanimously rescinded its approval of the 56133 Proposal. Counsel noted that the proposal has been under consideration for about 15 years and clarified, for the record, that rescinding the approval removes this proposal from CALAFCO consideration and that CALAFCO, consequently, will not be taking any action regarding 56133. Discussion ensued after the vote regarding the need to vet proposals better in the future, as well as the need for the Board to have more robust debates on the Board level regarding

the pros and cons of each proposal. It was hoped that the new legislative structure will assist in this regard.

Realignment of CALAFCO's Legislative Model

In fulfillment of Strategic Plan Goals of increasing CALAFCO's sustainability and building greater legislative effectiveness, the Board approved a new policy, Legislative Platform, and contract with Hurst, Brooks, and Espinosa to transition CALAFCO to a new legislative structure. This new structure is driven by a Legislative Platform and allows the use of professional advocates in the short-term, and builds out a suitable infrastructure for the use of in-house advocates in the future. More details can be found in the Board Chair's message above, the embedded video, and the staff report contained in the agenda packet. The Board is hopeful that this shift will not only elevate CALAFCO's advocacy, but will also provide the mechanism for better vetting, and greater regional input on future legislative proposals.

Executive Director Salary Adjustment

Based on the performance evaluation conducted by the Executive Committee, the Board approved a merit increase to the E.D.'s base pay of 11%, effective July 16, 2024. The adjustment increases the base annual salary to \$151,370, with the monthly benefit stipend remaining unchanged.

4th Quarter Financials and Budget Adjustment

The end of the Fiscal Year finds the Association in healthy financial shape. Total Revenues were up nearly 18% over last fiscal year, while total expenditures rose less than 1%. The two combined to increase the Association's net assets by 56%. The Board also adjusted the FY 24-25 budget with the end-of-year actual numbers, and to fund previous actions. Full details can be found in the agenda packet, while the annual report will be contained in The Sphere as usual.

Next Meeting

The Board's final meeting this year will be held in-person at the Tenaya Lodge on Friday, October 18, 2024, at 7:30 AM.

Full details for any Board item can be found in the agenda staff reports, which are available in the [Members-Only section of the CALAFCO website](#).

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1451 River Park Dr., Ste 185
Sacramento, CA 95815



From: Rene LaRoche <rlaroche@calafco.org>
Sent: Tuesday, August 13, 2024 11:00 AM
To: Info
Subject: New Legislative Policy

Good morning, everyone.

I've had a few questions regarding the Board's recent action to set up the new legislative policy structure and I'd like to put the answers out to everyone. I apologize for the length of this email but there is a lot to unpack here and as with most big changes, there were many reasons underlying the action.

The focus of this email is to explain the factors that led to the change, not to explain the new process itself. If you are unfamiliar with the new process and want to know more, we have a video that goes over the new process here <https://calafco.org/newsletter#From the Board Chair> (You must be logged in to website to see it.)

Basically, the questions that I have received have concerned the reasons underlying the change, a lack of noticing to the members, concerns that LAFCO staff will not be interacting on Advocacy, the cost and its potential effects on dues, and communication channels. So, let's start with the "whys" first.

Reasons for the Change

For the Board, the first step was their Strategic Plan, which was adopted last year. They had a strategic planning retreat in February, 2023, that considered threats and ended up generating a list of ways to improve CALAFCO. Obviously, with the State's policies an ever-changing universe, the Legislature and legislation ranked number one on the threats list. As a result, the final Strategic Plan established two goals for CALAFCO to work towards. The first goal was to increase our sustainability; and the second was to increase our legislative effectiveness. For the latter, the initial plan envisioned hiring a new staffer to carry the legislative efforts as its final action. The hope was that this position would allow the E.D.'s workload to be rebalanced, (pegged by a time study at approximately 2300 hours per year [for context, a person working full time, with no vacation is 2080 hours]), and to also provide some redundancy for the position to ensure the association's sustainability.

To figure out how to achieve these goals, the Strategic Plan also called for the creation of an ad hoc committee of Board members to consider appropriate changes for recommendation to the Board. The creation of the ad hoc modernization committee occurred in January of this year.

In considering the increased legislative effectiveness, the committee started at the end of the Strategic Plan (hiring an in-house legislative person) and back-engineered to figure out what would be needed. After conducting a salary survey for legislative advocates at the level we would need, they were forced to set aside that idea when they realized that hiring such a position would mean that **dues would need to be nearly doubled**.

Consequently, the ad hoc committee then looked at the legislative committee structure to see if it could be tweaked or improved in a way to accomplish the twin goals of sustainability and effectiveness. However, that also meant looking at everything about the committee, including complaints that had been received over the course of the last few years. Those complaints included that:

1. The Legislative Committee (LC) was not inclusive enough, which prevented more staffers from being included in the conversations.
2. The LC was too inclusive. Specifically, that the Associate Members and legal counsel were not wanted on the committee. (A formal written complaint to this effect was lodged in May of this year by one region.) Requesting the removal of legal counsel was especially problematic given that our Bylaws place them in the same class of members as EOs.

3. Other complaints were received that regions were not being advised of what was happening on the LC level by those who were meant to provide their region's perspectives. Comments were along the lines of: We won't oppose, but we don't support and I wish someone had reached out to us prior to pursuing this/taking a position.
4. LC discussions were supposed to be confidential but were not being maintained as such. Many ended up paraphrased in Commission staff reports. Sometimes confidential info was discussed outside of the meeting - as noted during a recent Staff Workshop session when confidential information became the basis of a question directed to a panelist.
5. Finally, and more troubling, there have been regular comments from various committee members that they had a differing viewpoint but didn't express it during the LC meeting because they felt intimidated and bullied when they attempted to express their views. The practical result of that was to effectively limit input to only those few people who regularly provided input on issues. More significantly, however, is that anti-harassment laws apply equally to volunteers and we had received complaints that needed to be acted on to protect CALAFCO. (I'm sure we've all had the same anti-harassment training and understand that entities are legally liable in those instances unless they take the appropriate corrective action regarding the complaints.)

Lesser things that were also considered by the ad hoc committee included the fact that the LC was advisory to the Board. New proposals already are required to come to the Board for approval. Some LC authority to act came from the legislative policies (which are now the Legislative Platform) but the ad hoc committee noted that, because of the rapidity at which legislation moves, the practice had evolved into the E.D. taking a position in consult with the CALAFCO EO and two or three others on the LC, then reporting the action back to the LC and the Board.

So, while the LC has played an important part in crafting or refining certain legislation (like the Protest Provisions bill), it was also regularly bypassed because of the need for expediency or confidentiality. In fact, I can't think of very many bills that didn't already have a position by the time they went to the LC.

Consequently, because of the wide-ranging, and often conflicting, complaints from across the board, the ad hoc committee felt the need to investigate other directions. In the end, they developed a hybrid model of the Legislative Policy Committee structure used by the California State Association of Counties (CSAC).

This also allowed for our Legislative Policies to be easily converted to a Legislative Platform.

Noticing

I will admit in retrospect, that we could have done a better job on this. However, due to a communication that I had received on another topic, which the Board Chair felt was abusive, I was directed to leave the outreach to the Board members. Consequently, the ad hoc Committee members committed to reaching out to their EOs and regions to communicate the changes.

There was also a timing concern, as the ad hoc committee wanted to have the new structure in place ahead of the new legislative cycle, which starts January, 2025. Since the October meeting is ultra-light, the ad hoc committee opted to bring the item to the Board in July.

Vetting

In addition to outreaching to their own EOs, the ad hoc committee, as a group, also vetted the new policy with the Executive Committee, various Board members, and the two regional officers who were available, and no negative feedback was received. In fact, everyone expressed varying levels of support for the policy from comments regarding how overdue this change was to: "you hit the ball out of the ballpark with this".

While I hate trying to gauge the thoughts of others, I think the ad hoc committee assumed that if any of those who got a preview of the new the policy had any problems, that they would either express those concerns or start sharing the policy with others. Neither of those things happened. The few minor suggestions that were received back during the process (like wanting a report regarding any denied proposals) were added to the process and policy.

Other Concerns

1. LAFCO staff will not be interacting on Advocacy
 - The new policy fully understands that EOs are the experts on LAFCO law and it emulates the same course of events that have been happening with the LC, i.e., the Executive Director and CALAFCO Executive Officer arrange for the best support for the Advocate. That assignment structure is meant to:
 - A. Allow consideration of the best person or people with the most relevant experience and knowledge to assist on a particular issue, or provide regional insights if the bill is specific to a particular area;
 - B. Signal to the Advocate when the direction is coming from CALAFCO and, consequently, when the time should be applied to the CALAFCO contract; and
 - C. Allow the Executive Director to track interactions so that time can be appropriately monitored and controlled, and because we have to report certain things regarding advocacy to the FPPC and the I.R.S.
2. Advocacy cost will cause dues to rise.
 - The ad hoc committee considered maintaining the LC and just substituting the Advocate into the E.D.'s slot. Unfortunately, asking an advocate to apply 200 hours for legislative committee meetings *would* have increased the cost. However, with this new structure, the net change to the CALAFCO budget is less than \$25,000, which has already been generated through new administrative efficiencies and cost-saving endeavors that have been implemented over the course of the last two years. Consequently, the net cost for the advocate's contract has already been absorbed in the FY 24-25 budget and is not expected to affect future dues in any way at the current level of service.
3. Communicating proposals
 - Finally, a question I've received has to do with how will regions communicate when they are working on legislative proposals.
 1. First, you have multiple channels supplied by CALAFCO that allow for communication on any topic - from the ListServes to the EO roundtable at the Staff Workshop, where I suggest that the question of legislative proposals be placed as a standing item at the top of each of those workshop discussions.
 2. Additionally, we are a nonprofit organization and not subject to the Brown Act, so you are at liberty to collaborate and communicate in any way that you see fit. (As many of you are already doing on this issue and a recent Water report.) Please understand that, like CKH itself, the new policy only defines the minimum parameters and allows you to create whatever structure works best for you. You are at liberty to outreach with one another on issues at any time via whatever channel(s) with which you feel comfortable. What this policy does, is define the minimum amount of process needed to ensure that everyone's input is solicited and everyone is informed, that all have an environment where they feel safe to express themselves, and that attempts to understand other perspectives are being made – all the while also moving us towards the Board's goals of more legislative effectiveness, and making CALAFCO more sustainable.

Obviously, there was a lot considered by the ad hoc committee when they made this recommendation. I am hopeful that I did not forget any of the relevant parts, but please feel free to reach out to me if you have any additional questions in case there is something else that I did not include here.

While I understand that change is hard, I would ask that you give this a solid chance for a full legislative cycle. If something doesn't work right or well, we can always come back and tweak the policy where necessary.

Thank you – and many thanks to those who brought these concerns to my attention.

Sincerely,

René

René LaRoche (*She/Her/Hers*)
CALAFCO Executive Director



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Board of Directors Meeting

Friday, 19 July 2024 | 10:00 A.M. to Noon

VIRTUAL MEETING

<https://us02web.zoom.us/j/89993095184>

Meeting ID: 899 9309 5184

Phone: 669-900-6833

MEETING AGENDA

	Page
10:00 A.M. Call to Order and Establish Quorum	<i>Chair Mohler</i>
1. Comments from member LAFCOs regarding items on the agenda	
<i>Member LAFCOs will have 3 minutes per speaker to comment on any item on today's agenda.</i>	
CONSENT <i>(Items considered non-controversial and generally approved in a single motion.)</i>	
2. Approve Minutes of April 12, 2024 Board Meeting	<i>G. Thompson</i> 3
3. Receive and File the Post-Workshop Report	<i>R. LaRoche</i> 7
4. Receive and File the Annual Conference Report	<i>R. LaRoche</i> 9
ACTION	
5. Bylaw Proposal Regarding Director Attendance	<i>R. LaRoche</i> 11
6. Legislator of the Year Award	<i>R. LaRoche</i> 17
7. Reconsideration of 56133 Legislative Proposal	<i>R. LaRoche</i> 19
8. Realignment of CALAFCO's Legislative Model	<i>M. Mohler</i> 23
9. Executive Director Salary Adjustment	<i>M. Mohler</i> 45
10. Receive FY 2023-24 Quarter 4 Final Reports, and Adjust FY 2024-2025 Budget	<i>R. LaRoche</i> 47
11. Legislative Committee Report	<i>R. LaRoche</i> 65
INFORMATION	
12. Board Member Reports and Announcements	
13. Executive Director's Report	<i>R. LaRoche</i> 71
14. Adjourn to the October 18, 2024, CALAFCO Board of Directors meeting - to be held during the Annual Conference which will be located at Tenaya Lodge, in Fish Camp, California	

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Association of Local Agency Formation Commissions
Board of Directors
April 12, 2024
DRAFT MINUTES

Call to Order and Establish Quorum

Chair Mohler established a quorum and called the meeting to order at 10:02am.

Board Members Present:

Chair Margie Mohler, City (Napa)	Gordon Mangel, District (Nevada)
Vice Chair Acquanetta Warren, City (San Bernardino)	Anita Paque, Public (Calaveras)
Immediate Past Chair Bill Connelly, County (Butte)	Wendy Root Askew, County (Monterey)
Kimberley Cox, District (San Bernardino)	Michael McGill, District (Contra Costa)
Kenneth Leary, Public (Napa)	Rodrigo Espinosa, County (Merced)
	Josh Susman, Public (Nevada)
	Tamara Wallace, City (El Dorado)

Board Members Absent:

Treasurer Gay Jones, District (Sacramento)	Derek McGregor Public (Orange)
Secretary Blake Inscore, City (Del Norte)	Ysxtian Gutierrez, County (Riverside)

Staff Present:

Rene LaRoche, Executive Director (ED)	Gary Thompson, Deputy Executive Officer (DEO) (Southern Region)
Clark Alsop, Legal Counsel, BB&K	Dawn Mittleman Longoria (DEO) (Costal Region)
Steve Lucas, Executive Officer (EO) (Northern Region)	

Staff Absent:

José Henriquez (DEO) (Central Region)
Jeni Tickler (Administrator)

Guests Present:

Jonathan Brinkmann	Paula Graf
Sam Martinez	Paul Novak

1. Comments from member LAFCOs regarding items on the Agenda

There were no comments.

CONSENT

2. Approve Minutes of January 5, 2024 Board Meeting

3. Staff Workshop Report

4. CALAFCO U Report

5. Annual Conference Report

No items pulled for discussion.

On a motion by Director Leary, seconded by Director Paque and carried unanimously the Consent Calendar was approved.

ACTION

6. Strategic Plan Review

ED LaRoche provided an update of the current status of actions contained with the Strategic Plan highlighting items in progress and future work plan.

On a motion by Director Susman, seconded by Vice Chair Warren and carried unanimously the Strategic Plan Update was received and filed.

7. Approve Board Member Job Description

ED LaRoche provided a brief report on the development of the Board member job description by the Ad Hoc Committee and covered the highlights of the job description.

Board members discussed the meeting absence provision and received clarifications on removal/replacement process and potential need for a by-laws change.

On a motion by Director Wallace, seconded by Director Susman and carried unanimously the Board Member Job Description was approved.

8. Receive and File the CALAFCO FY 2023-24 Quarter 3 Financial Report

ED LaRoche Presented the quarterly report and covered specific details of the status of the organization.

Chair Mohler commented on the positive position but cautioned on conference anticipated revenue.

Director Cox asked a question on the zero expense on a couple of items. ED LaRoche provided clarification

Director McGill commented on the League of Calif Cities & CALAFCO Conference schedule conflict and potential impact, and expressed appreciation for the comprehensive explanations in the report documents.

Director Leary commented on Associate Member revenue and developing a strategy to increase that membership/revenue.

On a motion by Director Cox, seconded by Director McGill and carried unanimously the 3^d Quarter Financial Report was received and filed.

9. Adopt the FY 2024-2025 CALAFCO Annual Budget

ED LaRoche covered in detail the proposed 2-year budget proposal and covered certain areas of focus. ED LaRoche discussed the end of year projections for the current year.

Chair Mohler commented that the budget looked good and commended the work put into the budget.

Director Susman commented on the change from previous budgets that used conference revenue in budget balancing, and noted that this is carrying forward with not relying on it..

On a motion by Director Askew, seconded by Director McGill and carried unanimously the FY 24/25 & 25/26 2-Year Budget was approved.

10. Ratify the American Farmland Grant Letter of Support

ED LaRoche provided brief comments on the grant partnership and the necessity due to timing for sending the required agreement letter and requesting ratification.

On a motion by Director Susman, seconded by Director Mangel and carried unanimously ratification of the agreement letter was approved.

INFORMATION

11. Receive the Ad Hoc Modernization Committee Report

ED LaRoche provided an update on the progress of the Committee noting the progress made on developing an action plan on some of the items being addressed.

Chair Mohler commented on the Committee work and the good outcomes so far.

Treasurer Warren commented that the process is also showing the impact CALAFCO does and can have.

This was a receive and file report. No action taken.

12. Receive the Legislative Committee Report

ED LaRoche provided a status on the two CALAFCO sponsored bills, AB 3277 (Omnibus item/stand alone bill) and SB 1209 (indemnification). Additionally ED LaRoche requested the Board adopt a change in position on AB 805 from Oppose to Support if Amended.

EO Lucas commented regarding potential future endeavors for LAFCOs.

On a motion by Director Wallace, seconded by Director Susman and carried unanimously the Amendment of position to AB 805 was approved and the Legislative Report was received and filed.

13. Board Member Reports and Announcements

There were no comments or announcements.

14. Receive Executive Director's Report

ED LaRoche went over the items in the written report in detail, highlighting key elements of the activities undertaken over the last quarter, and continuing initiatives and taskings. She noted that the website upgrades are proceeding and the effort involved to update and backload the previous items while purging outdated information.

This was a receive and file report. No action taken.

ADJOURNMENT

Chair Mohler adjourned the meeting at 11:47pm to the next Board Meeting on July 19, 2024 to be held virtually.

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BOARD OF DIRECTORS MEETING STAFF REPORT

Agenda Item No. 3

Item:	RECEIVE AND FILE POST-WORKSHOP OVERVIEW
Meeting Date:	July 19, 2024
Submitted By:	René LaRoche, Executive Director

RECOMMENDATION

1. Receive and File Post-Workshop Overview.

DISCUSSION

This year’s CALAFCO Staff Workshop was held on April 23-26, 2024 at the DoubleTree Hotel in Pleasanton, California. Event attendance was slightly down due to some last-minute cancellations but the decreased attendance did not affect the workshop experience. In fact, multiple comments like “Best workshop ever!” were received repeatedly.

This success, of course, was due strictly to the efforts of the planning committee, and kudos must be extended to Gary Thompson/CALAFCO Deputy Executive Officer-Riverside Executive Officer who spearheaded the committee to come up with a rich and interesting program.

Thanks also must be extended to the hard-working volunteers who put the sessions together. They were Cheryl Carter-Benjamin (Orange LAFCO), Gavin Centeno (Orange LAFCO), Shannon Costa (Butte LAFCO), Crystal Craig (Riverside LAFCO), Carolyn Emery (Orange LAFCO), Brandon Fender (RSG, Inc.), Adriana Flores (Los Angeles LAFCO), Jason Fried (Marin LAFCO), Rachel Jones (Alameda LAFCO), Michaela Peters (San Diego LAFCO), Adriana Romo (Los Angeles LAFCO), Holly Whatley (Colantuono Highsmith & Whatley), and Lori Zinn (Imperial LAFCO).

1. ATTENDANCE

In total, the Staff Workshop had 93 people registered for the workshop, with 36 registered for the Mobile Workshop (compared to last year’s 98 Staff Workshop registrations and 29 Mobile Workshop registrations.)

2. FINANCIAL SNAPSHOT

	2023	2024
Workshop revenues:	\$ 43,555	\$ 63,760
Workshop expenses:	\$ 36,198	\$ 57,207
Profit/Loss:	\$ 7,357	\$ 6,553

Workshop revenues (registration fees and sponsorships) totaled \$ 63,760. This included two generous donations of \$5,000 each (one from Alameda LAFCO and one from the Tri-Valley Visitors Bureau), a \$2,000 sponsorship from BBK, a \$1,000 sponsorship from RSG, Inc., and a \$500 sponsorship from Assura Software.

Unfortunately, due to last-minute room cancellations by attendees, and others from the area who commuted home in the evenings, we did not meet our lodging guarantee and were obligated to pay \$6,577 for the unsold rooms. However, the hotel graciously reduced the attrition guarantee to \$4,500 and waived the \$3,000 meeting room rental fee which, combined with all of the sponsorships worked together to bring in a small return of \$6,553, which is a 11.45% return (policy requires a minimum return of 5%.)

3. WORKSHOP EVALUATIONS

A workshop evaluation survey was opened on April 26, 2024 and ran through May 31st. A total of 56 responses were received, which represents 63% of those who attended. As usual, attendees were asked to rate every facet of the workshop from the facility, lodgings and food, to each of the sessions and evaluations.

The overall Workshop experience was rated at 4.4 (on a scale of 1 to 5, with 1 being the worst and 5 being the best). Other areas measured included value of the educational sessions (4.3), hotel accessibility (4.2), and lodging quality (4.1).

For comparison, ratings for the 2023 workshop in Murphys, California were Overall: 4.3; Educational Value: 4.3; Hotel Accessibility: 3.2; and Lodging Quality: 3.3.

ATTACHMENTS:

None.

BOARD OF DIRECTORS MEETING STAFF REPORT

Agenda Item No. 4

Item: RECEIVE AND FILE CONFERENCE REPORT

Meeting Date: July 19, 2024

Submitted By: René LaRoche, Executive Director

RECOMMENDATION

1. Receive and File Conference Report.

DISCUSSION

The CALAFCO Annual Conference is scheduled to be held this year from October 16-18th at the beautiful Tenaya Lodge just outside of Yosemite National Park. Program planning is well underway under the able leadership of José Henriquez, CALAFCO Deputy Executive Officer-Sacramento LAFCO Executive Officer. Session topics so far include succession planning, partnering with water leaders, environmental justice, small/mutual water companies, technology, your role in reorganizations, and the legislative process. The full schedule will, hopefully, be announced soon by early August.

Mobile Workshop planning is now complete. This promises to be an especially interesting one as attendees will be going into Yosemite National Park to learn about how Mariposa County, Yosemite National Park, and local citizens have collaborated to tackle issues regarding water provision, solid waste and wastewater management, and emergency services for private and public lands. (See Attachment A – the Mobile Workshop flyer – for full details.) Many thanks to Laura Young (Madera Commissioner), Miles Menetrey (Mariposa Commissioner), and Steve Engfer (Mariposa EO) for their work to pull this workshop together.

Credit card conference registrations have been transitioned to the new website/Association Management System (rather than using EventBrite as in years past.) The new website passed the test run with the Staff Workshop where it functioned beautifully, making it now our platform of choice. We have heard from many a happy member who feel that the change has been a huge improvement and, given that everything is accomplished on the website, has helped streamline the process. This not only has made it easier to register with a credit card, but also keeps all of the data in one place for easy tracking.

The new website also allows sponsors to sign up through the website with credit cards, which is also beneficial since we no longer have to put a sponsorship on hold, pending receipt of a check. Sponsorship packets went out in early June, and we have so far received sponsorships from: BBK; RSG, Inc.; Colanatuono, Highsmith, and Whatley; and CV Strategies.

ATTACHMENTS:

- A. Mobile Workshop Flyer

2024

CALAFCO

Annual Conference

WEDNESDAY, October 16TH 7:30 A.M. – 12:30 P.M.

California Association of
Local Agency Formation Commissions

CALAFCO

SUPPORTING SUSTAINABLE
COMMUNITY GROWTH

Mobile Workshop



THE ROAD TO GLACIER POINT: Mariposa County & Yosemite National Park's Collaborative Service Provision

Learn how Mariposa County and Yosemite National Park are collaborating on service provision through intergovernmental efforts and the engagement of local stakeholders.

This unique half-day mobile workshop will take you on a journey into Yosemite National Park, passing through Fish Camp, Historic Wawona, and Yosemite West before reaching Glacier Point, where you will witness breathtaking views of Half Dome, Yosemite Valley, and the Clark Range. Throughout the tour, you will learn about the collaborative efforts of Mariposa County, Yosemite National Park, and local citizens to tackle issues regarding water provision, solid waste and wastewater management, and emergency services for private and public lands. We will also delve into discussions on related jurisdictional situations, including the Mariposa County - LAFCO relationship.

The workshop will conclude with a boxed lunch at famed Glacier Point.

Don't miss out. Join us for a day of exploration, learning, and enjoyment amid the grandeur of Yosemite National Park!



COST: \$105 (\$10 EB Discount to July 31)
(Includes transportation, YNP Park Entrance and box lunch)

Limited to the first 50 registrants
7:15 a.m. – Bus loads outside the hotel
7:30 a.m. – Bus departs PROMPTLY
12:30 p.m. – Return to the hotel

Dress in layers and wear closed-toe, closed-back flat shoes, as light walking is required.

BOARD OF DIRECTORS MEETING STAFF REPORT

Agenda Item No. 5

Item:	BYLAW PROPOSAL REGARDING DIRECTOR ATTENDANCE
Meeting Date:	July 19, 2024
Submitted By:	René LaRoche, Executive Director

RECOMMENDATION

1. Approve the Bylaws Proposal, and Direct Staff to Distribute to Member LAFCOs

DISCUSSION

At the April, 2024, meeting, the Board received a recommendation from the Ad Hoc Modernization Committee (“the Committee”) to approve a new Job Description for Board members (Attachment B.) Reflected in the new Job Description, and included in the meeting discussion, was a recommendation to reduce the number of meetings that a Board member can miss from the current three meetings (representing three-quarters of a year) to two meetings (one-half of a year.) Given that Board member attendance is contained within the CALAFCO By-Laws, the Board approved the Job Description with the attendance change subject to approval of the members.

Under the CALAFCO Bylaws process, an amendment begins with submission of the proposal to the Board. The attached proposal (Attachment A) begins the process. Once approved by the Board, the proposal will be distributed to the Member LAFCOs to advise of the vote at the Annual Meeting.

The Association’s Bylaws provide that each member commission is entitled to one vote, which can be cast by the commission, a designated member of the commission, or the executive officer as designated by the commission. One ballot will be provided to the designated voting delegates of Member LAFCOs in good standing upon check-in at the Annual Conference to be held at the Tenaya Lodge in Fish Camp, California from October 16-18, 2024. Balloting will be held during the Annual Business Meeting scheduled for Thursday, October 17, 2024, at the same site.

Thus, for the above reasons, the Board is now being asked to approve the attached Bylaws Proposal, and to direct staff to distribute it to the Member LAFCOs.

ATTACHMENTS

5. A - Ballot Information Packet
5. B - Approved Board Member Job Description with the change



CALAFCO Board of Directors Attendance Change

OVERVIEW

What the Proposal Does

Reduces the number of meetings that a Director may miss before being removed from their position from the current 3 absences (9 months of quarterly meetings) to 2 absences (6 months of quarterly meetings.)

The Question Before Each Member LAFCo

The Board of Directors is asking the Member LAFCOs to approve a reduction in the number of meetings that a Director may miss before being removed from the CALAFCO Board of Directors.

Each Member has the opportunity to vote on the change to the Bylaws to enact the recommendation.

The Board has already approved the necessary policy changes required, pending Member approval of the Bylaw amendments.

Cost to Members

None. This attendance change has no effect on costs.

What Happens Next

Assuming a majority of the members voting approve the Bylaw change, the new attendance criteria will take affect immediately upon approval so as to be in place when the new Board is seated on October 18, 2024.

The Board of Director's Recommendation

The Board unanimously recommends a **YES** vote.

The CALAFCO Board of Directors is recommending approval of an Association Bylaws amendment that would reduce the number of Board meetings that a director could miss before being removed from their position from three to two absences. Given the Board's quarterly meeting schedule, this reduces the timeframe from nine months of missed meetings, to six months of missed meetings. October.

Background

The CALAFCO Board of Directors is composed of sixteen members who are elected to staggered two-year terms. To address Association business, the Board holds quarterly meetings, generally in the months of January, April, July, and October. Director attendance at quarterly meetings is critical given how few meetings the Board holds within a year.

Currently, the CALAFCO Bylaws provide that a Director may be removed from their position if they do not attend 3 meetings, which equates to 9 months or 75% of a calendar year. However, within the last few years, the Board has seen instances of declining attendance and participation among Directors which threatened the depth and breadth of representation present in Board decision-making, but for which there was no recourse.

The Board desires to become a high functioning Board, and recognizes that regular attendance is critical to that goal. Consequently, the Board is recommending that the number of meeting absences be reduced from 3 meetings (or 9 months) to 2 meetings (or 6 months).

California has a rich diversity of perspectives and needs that vary geographically and demographically. Consequently, it is critically important that Board members consistently attend and engage on Association business or make way for those who will.

Process

Designated delegates of LAFCO members in good standing as of October 16, 2024, will be provided with a ballot to use when the amendment is considered during the Annual Meeting to be held on October 17, 2024, at the Tenaya Lodge in Fish Camp, California. Delegates will cast their ballot to either approve the Bylaws change or to not approve the Bylaws change. A majority vote of the Member LAFCOs in good standing, which are present and eligible to vote, is required for adoption of the amendment.

CALAFCO
Board of Directors

Chair

MARGIE MOHLER
Napa LAFCO

Vice Chair

ACQUANETTA WARREN
San Bernardino LAFCO

Treasurer

GAY JONES
Sacramento LAFCO

Secretary

BLAKE INSCORE
Del Norte LAFCO

BILL CONNELLY
Butte LAFCO

KIMBERLY COX
San Bernardino LAFCO

RODRIGO ESPINOSA
Merced LAFCO

YXSTIAN GUTIERREZ
Riverside LAFCO

KENNETH LEARY
Napa LAFCO

GORDON MANGEL
Nevada LAFCO

MICHAEL MCGILL
Contra Costa LAFCO

DEREK MCGREGOR
Orange LAFCO

ANITA PAQUE
Calaveras LAFCO

WENDY ROOT ASKEW
Monterey LAFCO

JOSH SUSMAN
Nevada LAFCO

TAMARA WALLACE
El Dorado LAFCO

PROPOSED CHANGE TO SECTION 4.4 OF BYLAWS ARTICLE IV (DIRECTORS)

BYLAWS ARTICLE 4.4

4.4 Resignations and Terminations of Directors. Except as provided below, any Director may resign by giving written notice to the President or the Secretary of the Board. The resignation shall be effective when the notice is given unless it specifies a later time for the resignation to become effective. ~~The Board, in its sole discretion, may declare vacant the position of any Director who misses three (3) consecutive meetings of the Board. Such Director, however, first shall be given prior notice of such pending termination and given the opportunity to offer a reason for such absences.~~ **Additionally, two consecutive absences from regularly scheduled board meetings constitutes a resignation.**

Questions and More Information

For questions or more information, please contact Margie Mohler, CALAFCO Chair, Acquanetta Warren, CALAFCO Vice Chair, or CALAFCO Executive Director René LaRoche.

California Association of Local Agency Formation Commissions
1451 River Park Drive, Suite 185
Sacramento, CA 95815
916.442.6536 | www.calafco.org | info@calafco.org

Board Member Job Description

California Association of Local Agency Formation Commissions (CALAFCO) Member of the Board of Directors

Mission

As a 501(c)(3) nonprofit organization, CALAFCO supports LAFCOs by *promoting efficient and sustainable government services based on local community values through legislative advocacy and education.*

For more information, please see CALAFCO's website at www.calafco.org.

Values

The underlying values that define our organization are: *dependability, efficiency, honesty, and transparency.*

Duties

Board members have the following legal duties:

1. **Duty of Care:** *Ensuring prudent use of all assets including financial, facility, people, and good will.*
2. **Duty of Loyalty:** *Ensuring that the association's activities and transactions are, first and foremost, advancing its mission; Recognizing and disclosing conflicts of interest; Making decisions that are in the best interest of the association and not in the best interest of an individual board member, or any other individual or entity.*
3. **Duty of Obedience:** *Ensuring that the association obeys applicable laws and regulations; follows its own bylaws and policies; and that it adheres to its stated corporate purposes/mission.*

Position

The Board is a governing body and is expected to support the work of CALAFCO by providing mission-based leadership and strategic governance. While day-to-day operations are led by CALAFCO's Executive Director (ED), the Board-ED relationship is a partnership and the appropriate involvement of the Board is both critical and expected. Board Members are tasked with the Leadership, Governance, and Oversight of the association. Responsibilities include, but are not limited to:

- Representing CALAFCO to stakeholders; acting as an ambassador for the organization to regional members and California legislators.

- Approving policies that provide the appropriate authority and guidance for/to the ED in the administration of the organization.
- Serving as a trusted advisor to the ED.
- Participating in strategic planning retreats.
- Reviewing agenda and supporting materials, and communicating question to the Executive Director, prior to board and committee meetings.
- Weighing the organization’s outcomes against strategic plan initiatives.
- Approving CALAFCO’s annual budget, financial reports, and business decisions; being informed of, and meeting all, legal and fiduciary responsibilities.
- Assisting the ED and board chair in identifying and recruiting other Board Members to ensure CALAFCO’s commitment to a diverse board and staff that recognizes the differing perspectives among LAFCOs.
- Partnering with the ED and other board members to ensure that board resolutions are carried out.
- Serving on committees or task forces and taking on special assignments, as needed.

Board Terms/Expected Participation

CALAFCO’s Board Members are elected during regional caucuses held at the association’s annual meeting, and serve two-year terms.

Regular board meetings are held quarterly, special meetings are called as needed, strategic planning retreats are held every two years, committee meetings are called at different times during the year, and legislative canvassing in Sacramento may be needed. **Two absences, within a calendar year, from any regularly scheduled board meetings constitutes a resignation of the Board member.**

Qualifications

Board Members must be seated LAFCO Commissioners at their local level.

This is an extraordinary opportunity for an individual who is passionate about the importance of the role that LAFCOs play in the sustainable growth of a region, and who has a track record of leadership. His/her accomplishments will allow him/her to interface effectively with the state legislature, as well as attract other well-qualified, high-performing Board Members.

Remuneration

Service on CALAFCO’s Board of Directors is without remuneration. Administrative support, travel, and accommodation costs are typically provided by a director’s home LAFCO.

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BOARD OF DIRECTORS MEETING STAFF REPORT

Agenda Item No. 6

Item: **LEGISLATOR OF THE YEAR AWARD**

Meeting Date: July 19, 2024

Submitted By: René LaRoche, Executive Director

RECOMMENDATION

1. Consider Conferring the CALAFCO Legislator of the Year Award on Senator Dave Cortese.

DISCUSSION

Annually, CALAFCO presents up to seven achievement awards to CALAFCO members and others who contribute to the advancement of the Association and LAFCO principles and goals. Selections of most of the award recipients are made by the Awards Committee. However, the selection of the “Legislator of the Year” award recipient (last awarded in 2019 to Assemblymember Mike Gipson) is made solely at the discretion of the CALAFCO Board of Directors.

Presented to a member of the California State Senate or Assembly, the “Legislator of the Year” award recognizes leadership and valued contributions in support of LAFCO goals that have a statewide effect. To be considered as the CALAFCO “Legislator of the Year”, a nominee must have been a California State legislator during the entire nomination year, and must have demonstrated extraordinary leadership in the Legislature on behalf of LAFCOs statewide, with efforts resulting in a positive impact for all LAFCOs. Consequently, the Board is now being asked to consider presenting a “Legislator of the Year” award in 2024, and Senator Dave Cortese is submitted for your consideration as recipient.

A surname that is well known to the LAFCO world, Senator Cortese was elected in November of 2020 to represent State Senate District 15, which encompasses much of Santa Clara County in the heart of Silicon Valley. As the son of Assemblymember Dominic Cortese (author of the Cortese-Knox Act, and the first CALAFCO Board Chair), he has shown his support for the Association and its members by authoring SB 1209 (Attachment A), the CALAFCO-sponsored indemnification bill. The bill was needed to address a 2022 Appellate Court decision which held that LAFCOs were not authorized to enter into indemnification agreements with applicants. While opposition rose to the bill, the Senator’s staff was pivotal in brokering a workable solution.

Separately and independent of CALAFCO, Senator Cortese also drafted and championed SCR 163, a resolution reaffirming LAFCO authority. Unfortunately, the resolution failed to pass the Senate Local Government Committee hearing on July 3rd, however, CALAFCO nonetheless appreciates the Senator’s effort to ensure that all legislators are aware of the important role that LAFCOs play to the general well-being of the State of California.

For all the above reasons, staff is now recommending that the Board consider Senator Dave Cortese as the 2024 CALAFCO Legislator of the Year.

ATTACHMENTS:

NONE.

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BOARD OF DIRECTORS MEETING STAFF REPORT

Agenda Item No. 7

Item: RECONSIDERATION OF 56133 LEGISLATIVE PROPOSAL

Meeting Date: July 19, 2024

Submitted By: René LaRoche, Executive Director

RECOMMENDATION

Reconsideration of Legislative Proposal

BACKGROUND

In 2019, during the normal call for legislative proposals, a proposal was received from San Diego LAFCO to seek an amendment to Government Code Section 56133 to clarify in the statute, that it is LAFCOs who determine whether agreements for extensions of services between two public entities are exempt from LAFCO review. The proposal was approved by the CALAFCO Legislative Committee and was included among the Board directed legislative priorities in 2022.

In October, 2021, CALAFCO began working with San Diego LAFCO, as a co-sponsor. A proposal and fact sheet were prepared, stakeholder outreach was conducted, and efforts were undertaken to seek a legislator to author the bill. However, the outreach elicited concerns from various stakeholders, as well as the two local government committee consultants. Seven legislators were approached about authoring the bill and all declined the request. With no ability to secure an author for the 2022 year, CALAFCO staff tabled the proposal for that year, and discussed the situation with the Board at its January 21, 2022 meeting with a recommendation that the Board revisit the matter in April after the new Executive Director had onboarded.

On April 22, 2022, the Board revisited the tabled item. Questions were posed regarding the exact nature of the stakeholder concerns, the resources and effort that would be needed to move the proposal forward, and the potential for success. The Board tabled the item to the July Board meeting, pending further information to addressing those concerns.

In the months that followed:

- San Diego LAFCO reaffirmed its commitment to the process and generously set aside \$30,000 to help fund lobbying expenses;
- CALAFCO lobbyist, Jean Hurst, advised that a White Paper documenting the problem and how the public had been harmed by it might be helpful and so LAFCO staff produced a paper, which offered seven example situations within the state..
- The Assembly and Senate Consultants were again contacted, and they elaborated that the change would constitute an expansion of LAFCO authority, which would not be supported by their committees; and
- The Legislative Committee revisited the item, including additional research that had been conducted of CALAFCO records which noted that the same proposal had been sought twice over the last twenty years and dropped each time because of the Association's limited resources, and because it was unlikely to have enough support to pass.

However, in the end, the Legislative Committee felt that there continued to be a need for the suggested clarification, and they reaffirmed their recommendation to the Board. On July 22, 2022, the Board considered the proposal and, with a vote of 9-1, approved moving it forward.

Unfortunately, a court of appeals opinion in the second half of 2022 required the proposal to again take a back seat so that CALAFCO could pursue a new, indemnification provision. Once the indemnification proposal found an author and began working its way through the process as SB 1209, the focus shifted back to the 56133 proposal.

However, while the 56133 proposal was not an active part of the committee's agenda, it was, nonetheless, being worked on the back side by CALAFCO staff. Outreach to CSDA occurred in December 2022, CSAC and RCRC were contacted in August, 2023, and the Assembly Local Government Committee and Senate Government and Finance Committee (now Local Government) were contacted again in 2023 to begin the process. However, immediate opposition was registered by the sister entities. Additionally, the feedback received from the Assembly and Senate Consultants was that the matter had been investigated in 2019 when the proposal was first submitted, and they again advised that such a bill constituted an expansion of LAFCO authority which would not be supported by the committees. Our lobbyist, who assists in obtaining legislative authors, concurred in that assessment and noted the previous failed attempt to procure an author.

In conveying, those conversations to the bill's proposer, questions were raised about the claim of expansion of LAFCO authority, Given that an underlying difference of opinions pivoted around the legislative intent, a full analysis of the legislative historical records was conducted which considered every bill affecting 56133, and every legislative analysis written for each hearing, back to 2000. Author's comments, embedded within the legislative record, supported what was being sought by the proposal was not a mere clarification but, rather, an expansion of LAFCO authority.

This new information set off a five-month in-depth Legislative Committee consideration of the facets surrounding the proposal that included the results from researching the legislative record, whether another solution might exist to address the problem (like a noticing provision), and culminated with discussion of the use of local policies. While a noticing provision seemed promising for a while, three LAFCOs said that such a provision would cause problems with their local policies, while an attorney committee member had a concern that it would set up a legal presumption for a judge to use, and another LAFCO suggested that if we could not pursue the original amendment as proposed, then we should leave it to local policies – of which 19 had been received in response to an inquiry issued to the ListServe. Despite the months of conversation, consensus was never reached on an alternate way to address the issue, leaving us with the original proposal.

DISCUSSION

Given that the legislative intent memorialized within the legislative records is different than was implied in the proposal significantly alters this legislative proposal from the mere clarification that was proposed, to an expansion of LAFCO authority. That, in turn significantly alters the calculus and viability of the bill and requires the Board's reconsideration.

Using the parameters previously requested by the Board, the following assessment is offered for consideration.

ASSESSMENT

VIABILITY: EXTREMELY LOW

1. No external, unbiased report and recommendation to fuel an expansion of LAFCO authority.

Recall that the Cortese Knox-Hertzberg Local Government Reorganization Act of 2000 was fueled by recommendations contained within Growth Within Bounds, the 2000 report which was issued by the Commission on Local Governance for the 21st Century after an extensive 16-month process that included 25 days of public hearings throughout the state, as well as testimony from 150 individuals and groups, and the receipt of over 100 recommendations. Additionally, the need for our own Protest Provisions Bill (SB 938) was supported by a Little Hoover Commission Report. This effort has no unbiased report and recommendation to support such a change.

2. No statewide data to document the problem, the effect, or the need.
3. No support by Assembly Local Government Committee.
4. No support by Senate Local Government Committee.
5. Unlikely to procure an author because of 3 and 4.

RESOURCE NEED: HIGH

1. Since CALAFCO has already attempted the process to start a bill and been rebuffed, we would need one or more special lobbyists for an undetermined amount of time to attempt to build political support and consensus among legislators.
Cost: \$25,000 per month, per lobbyist.

FINANCIAL CEILING: \$61,000 per year.

As a 501(c)(3) nonprofit organization, CALAFCO's spending ceiling for lobbying is defined by the I.R.S. Expenditure Test. Under that test, we may use 20% of exempt purpose expenditures for all lobbying. That amount currently calculates as a TOTAL of \$89,977; however, existing lobbying expenses of \$28,217 must also be accounted for, leaving a ceiling of \$61,000 to fund this proposal; OR, if the Advocate contract is approved, then the amount that can be spent drops to \$49,977.

At \$25,000 per month, \$61,000 will fund two special lobbyists for a little over 1 month, or one special lobbyist for slightly less than 2.5 months. A ceiling of \$50,000 (should the Advocate's contract be approved), will fund two special lobbyists for 1 month, or one special lobbyist for 2 months.

However, it must also be noted that a contentious measure can be expected to take a far longer time – perhaps years – to build enough momentum.

TIMELINE: Indefinite, with no guarantee of success.

DAMN THE TORPEDOES! - The Price of Failure

For the last few years of this discussion, the Board and Legislative Committee have heard from many LAFCOs that they address the extension of service issue through good relationships that they have developed and/or through working policies. Many have repeatedly expressed concern that a failed bill, or the wrong bill (as with the Notification provision earlier explored), has potential to be harmful to them.

While very sympathetic to the problems being experienced by some LAFCOS, it also needs to be noted that a failed bill attempt will leave them unchanged. However, running a bill will shine a spotlight on the deficiency in the legislative intent noted above which will, effectively, remove any ambiguity surrounding the statute. Removing that ambiguity has potential to be very detrimental to the many LAFCOs who now enjoy working processes and policies since it will allow an avenue to call them into question.

Thus, choosing to pursue the bill no matter the cost will, in essence, be prioritizing the needs of a few – who will not be left worse by a failed bill - over the needs of many, who feel they might.

CONCLUSION

The following assessment, which focuses solely on the bill and not on the financial considerations of running the bill, suggests that this is not a viable bill.

1. Do we have an external, unbiased investigation and recommendation to support a major change request? We do not.
2. Do we have statewide data to document the issue? We do not.
3. Do we have support in the local government committees? We do not.
4. Do we have broad support from the sister entities? We do not.
5. Can we expect to build support among the sister entities? Doubtful.
6. Can we expect broad support among the 120 legislators? Highly Doubtful.
 - a. What would be required to ATTEMPT to develop that legislative support? (With no guarantee of success) - A Massive effort, requiring 1 or 2 special lobbyists.
7. Are there potential Political consequences of failure? Yes.
 - a. Potential damage to existing relationships with the policy committees.
 - b. Potential damage to existing relationships with other organizations.
 - c. Chance of new alliances forming against LAFCOs.
8. Are there potential Practical consequences of failure? Yes.
 - a. Right now, most of the LAFCOs feel that there is sufficient ambiguity in the code to argue. However, a failed attempt, would remove any ambiguity regarding the intent, and would call into question all of those policies and processes that are currently working.
9. Will this effort affect all LAFCOs equally – regardless of outcome? No.

RECOMMENDATION:

For all of the reasons outlined above, staff is recommending that the Board rescind its previous approval to pursue this legislative proposal.

ATTACHMENTS

None.

BOARD OF DIRECTORS MEETING STAFF REPORT

Agenda Item No. 8

Item:	REALIGN CALAFCO'S LEGISLATIVE MODEL
Meeting Date:	July 19, 2024
Submitted By:	Rene' LaRoche, Executive Director, on behalf of Margie Mohler, CALAFCO Board Chair and Ad Hoc Modernization Committee Chair

RECOMMENDATION

Consider Ad Hoc Modernization Committee Recommendation to Rescind and Replace Policy 4.5 to realign CALAFCO's Legislative Model to a Legislative Policy Committee structure similar to one used by the California State Association of Counties (CSAC); appoint Anita Paque, Mike McGill, Bill Connelly, and Yxstian Gutierrez as Legislative Policy Committee members with a term running through December 31, 2025; Adopt a CALAFCO Legislative Platform; and Approve an Agreement for Advocacy Services with Hurst, Brooks, and Espinosa..

DISCUSSION

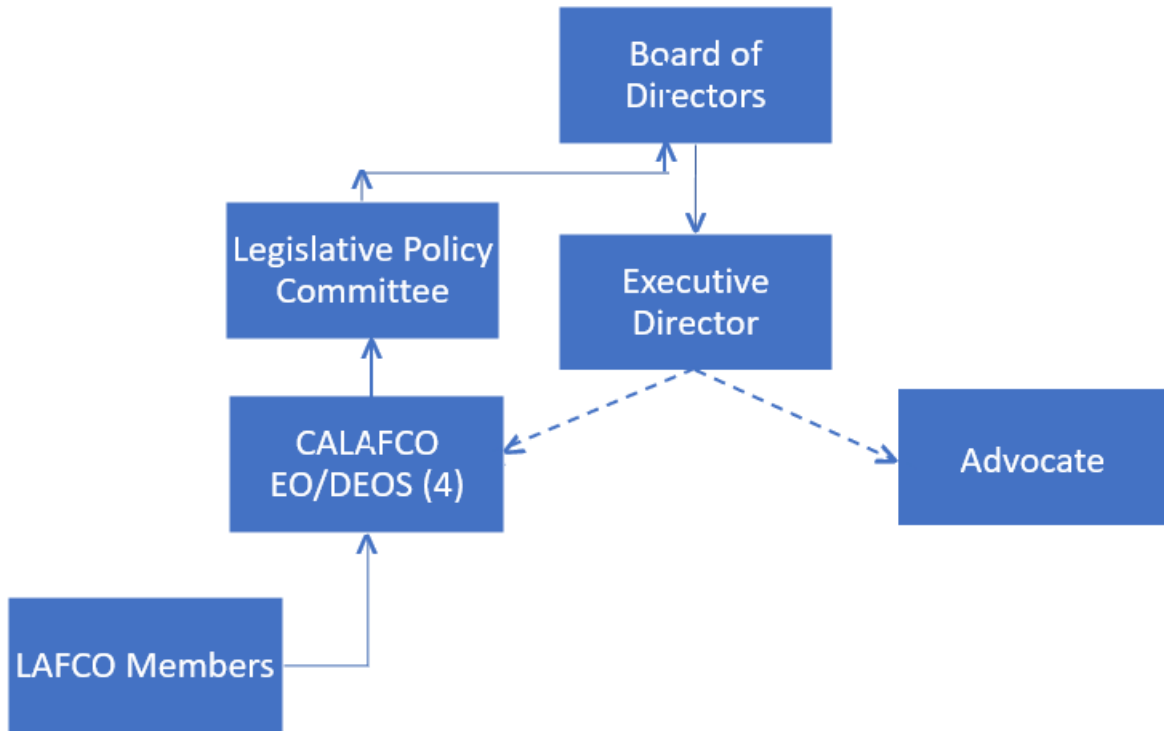
The 2023-2027 CALAFCO Strategic Plan defines the two overarching goals for the Association to work towards as being **increasing organizational sustainability**, and **increasing political effectiveness**. To identify ways to meet those goals, the Plan also called for the formation of an Ad Hoc Committee, which occurred on January 5, 2024. Since then, the Ad Hoc Modernization Committee ("AHMC"), composed of Margie Mohler, Acquanetta Warren, Gordon Mangel, and Tamara Wallace, has met semimonthly to consider various aspects of the Association's structure.

In considering CALAFCO's political effectiveness, the AHMC began its contemplation with the plan's last suggested action item of creating a new position to act as an in-house advocate. To establish cost for such a position, a salary study was conducted in the State of California, and in the region around Sacramento. Given the level of responsibility and autonomy that would come with a single advocate position (meaning no policy directors providing direction or guardrails), the AHMC determined that to be competitive, the salary would need to be approximately \$225,000 per year. To fund such a salary using member dues (the only ongoing source of revenue that the Association has) would require an 82% increase in dues rates. However, adding in a benefit stipend and other payroll costs and insurance, new technology, and other adjustments would require dues to be more than doubled.

Given the unlikelihood of Members agreeing to such a steep dues increase in the near future, and given that developing other revenues may be a long-term endeavor, the AHMC turned its focus to solutions that could be implemented in the shorter term. Thus, the next step was gauging the strengths and weaknesses of our current legislative structure with the goal of maintaining the good points (noted primarily as regional input, as well as the knowledge, experience, and expertise of LAFCO EOs and staff), while addressing the weaknesses (i.e., excessive time commitment for committee members, unproductive meetings, and lack of agility relative to fast-moving legislation.) Additionally, the AHMC also sought to address member concerns regarding the makeup of the Legislative Committee and confidentiality of discussions and negotiations.

In the end, the AHMC developed a hybrid of CSAC’s Policy Committee structure, which allows for the creation of a Legislative Platform to inform and authorize advocacy. It also maintains the regional input and staff expertise that we currently enjoy, while addressing member concerns.

The following Flow Chart illustrates the new process, and is followed by an overview of the changes from our current legislative model.



1. LAFCO Members submit proposals for legislation or Legislative Platform changes to CALAFCO EO.
2. CALAFCO EO/DEOs vet submissions for accuracy, conformance to any criteria, availability of supporting data, and statewide impact. Final approvals (requires a unanimous vote) are recommended to the Legislative Policy Committee, and accompanied by a report of any denials.
3. Legislative Policy Committee (comprised of one Board member from each region and CALAFCO E.D.) meet once per year to consider vetted proposals.
 - a. Meeting Agendas and Agenda packets are prepared by, or under the direction of, the CALAFCO EO.
 - b. Approved proposals/Platform changes (requires unanimous vote of the Committee’s Board members) are recommended to the Board
4. Board considers the proposals at a regular Board meeting.
 - a. Approvals are communicated to Advocate by the E.D.
5. Advocate is managed/directed by the E.D.
6. CALAFCO EO/DEOs provide background and expertise to Advocate, as needed and requested by E.D.
 - a. May need to provide expert testimony, or arrange for same.

CHANGES:

- Shifts legislative efforts away from current committee model to professional advocacy driven by a Legislative Platform similar to what CSAC and many local governments do.
 - Continues to seek legislative proposals, feedback, and expertise from members through CALAFCO regional officers, but Legislative Platform is developed for recommendation to the Board by a Policy Committee that meets once per year and is composed of 4 Board members and the Executive Director (E.D.) with input invited by, and received through, the Regional Officer serving as the CALAFCO Executive

Officer.

- More reliance on CALAFCO regional officers
 - Shifts member outreach from E.D. to CALAFCO regional officers.
 - More agile – regional officers can call regional meetings quickly and as needed.
 - CALAFCO EO invites proposals from membership annually. (However, the 2024 Call for proposals has already gone out.)
 - CALAFCO regional officers vet proposals for recommendation to Policy Committee.
 - Provide, or arrange for, assistance & expertise for the Advocate, upon E.D. request
- Policy Committee considers which of the vetted proposals to recommend to the Board.
- The Board makes the final determination of which recommended proposals to pursue.

BENEFITS

- Provides a year-round CALAFCO presence in all Capitol conversations.
- Allows legislative positions to be taken immediately, when there is more opportunity to affect a change.
- Leverages professional Advocate's reputation and existing network and connections on behalf of CALAFCO.
- Maintains legislative efforts under the direction of the Executive Director, yet frees approximately 200 hours of E.D. time previously spent in preparation of Legislative Committee agenda packets, meeting time, creating minutes, letter writing, and lobbying.
- Maintains regional and LAFCO input, feedback, and expertise through the CALAFCO regional officers, thus, opening the conversations to any regional staff members rather than just committee members as with current structure.
- Protects confidentiality of legislative strategies, discussions, and negotiations.
- Sets up an infrastructure that has stood the test of time for CSAC, and can be pivoted for use with an in-house advocate should one later be hired.
- Increases Association sustainability.
 - Provides multiple people to address legislation.
 - Addresses volunteer burnout by reducing the number of volunteers required for CALAFCO to function.
 - Narrows the knowledge, skills, and abilities required for the E.D. position, which should broaden the applicant pool during the next E.D. recruitment.

FINANCIALS

- \$40,000 per year expense for contract with Hurst Brooks and Espinosa.
 - Net increase to budget of \$24,750 after existing legislative fund lines are reallocated. (A separate item to adjust the budget to reallocate funds can be found later in this meeting.)
- Does not threaten nonprofit status as \$40,000 expense is well under the I.R.S. lobbying cap. (The cap is a percentage of exempt purpose expenditures, and amounts to \$89,977 this year.)
- However, does not fund major efforts requiring extraordinary lobbying – as would be required for significant legislative changes.

REVIEWS AND FEEDBACK

Pursuant to CALAFCO policies, this recommended policy change was reviewed by the CALAFCO Executive Committee on June 19, 2024, and approved for recommendation to the full Board.

The Ad Hoc Modernization Committee also invited other reviews during the policy development process. One written comment was received from long-time EO S.R. Jones (Attachment D), who has the distinction of also having served as the CALAFCO Executive Director, and who helped the Association incorporate into its present form.

Finally, the draft agreement with Hurst, Brooks, and Espinosa has been reviewed and approved by counsel.

RECOMMENDATION:

With the new two-year legislative cycle set to begin in January, 2025, and given that staff Legislative Committee appointments normally occur in October, the AHMC is recommending that the Board rescind and replace CALAFCO Policy 4.5 (Attachment A); appoint Anita Paque, Mike McGill, Bill Connelly, and Yxstian Gutierrez as Legislative Policy Committee members with terms running to December 31, 2025; Adopt a CALAFCO Legislative Platform (Attachment B) for use beginning with the 2025-2026 legislative cycle; and Approve an Agreement for Advocacy Services with Hurst, Brooks, and Espinosa (Attachment C) in the amount of \$40,000 per year, and authorize the Executive Director to sign the Agreement.

ATTACHMENTS

- A. Draft Policy 4.5 to create the Legislative Policy Committee/Legislative Platform process
- B. Draft Legislative Platform
- C. Hurst, Brooks, and Espinosa Agreement
- D. S.R. Jones Comments

LEGISLATIVE POLICY COMMITTEE POLICY

DEFINITIONS:¹

Priority 1: Bills of major importance with a direct, significant impact on CALAFCO or its members statewide, or which set a policy precedent that impacts the mission and effectiveness of LAFCOs statewide. These bills receive primary attention and comprehensive advocacy.

Response types: Highest Level. Position letters and testimony in policy committees, direct communications with legislators, grassroots mobilization of members and any combination of effort. This level requires the highest resource commitment.

Priority 2: Bills with a direct impact on CALAFCO or its members statewide, or which may set a policy precedent, or have an impact relevant to the mission of CALAFCO or its member LAFCOs and have a major effect to a CALAFCO member or group of members or constituents.

Response types: Position letters and testimony in policy committees, as time permits or upon request of the author or sponsor.

Priority 3: Bills of interest to CALAFCO or members, which may have a substantive effect but are deemed to be of a lower priority as to time and effort resources for advocacy. If requested by a CALAFCO member or stakeholder and approved by the Board, CALAFCO will send a position letter but will not testify unless unusual circumstances arise and if time allows, so as to not conflict with other higher priorities.

Response types: Minimal resources, usually limited to Position letter.

LEGISLATIVE POLICY COMMITTEE POLICY

PURPOSE:

To consider for recommendation to the Board, vetted legislative proposals and proposed changes to a Two-Year Legislative Platform.

COMPOSITION:

The Legislative Policy Committee shall be comprised of one Board member from each region, and the Executive Director.

At committee formation, the four regional Board representatives named to the Legislative Committee will be transitioned to the new Policy Committee. Those Board members are: Bill Connelly, Northern; Anita Paque, Central; Mike McGill, Coastal; and Yxstian Gutierrez Southern. These initial appointees will serve through the end of 2025.

Commencing in January, 2026, Board member appointments or reappointments to the Policy Committee will be considered at the beginning of each year with the regular Board committee

¹ Derived from existing CALAFCO Legislative Guidelines, last updated October 22, 2021.

appointments, as recommended by the Executive Committee.

OPERATION:

The Policy Committee shall consider vetted legislative proposals annually, and the Association's Legislative Platform biennially.

- *The Legislative Platform shall be approved at the end of even years for use with the next two-year legislative cycle which commences in odd years.*
- By June 1st of each year the Regional Officer serving as the CALAFCO EO shall invite, from among all members, proposals for new legislation or changes to the Legislative Platform.
- All proposals shall be vetted by the CALAFCO EO and three Deputy EOs for applicability, conformance to any criteria², statewide impact, and adherence to the Legislative Platform. Proposals must be unanimously approved to move forward to the Policy Committee. Those proposals that are approved, shall be transmitted to the Policy Committee by the CALAFCO EO no later than September 15th. The Policy Committee shall also be provided with a report outlining any declined proposals and the reason they were declined.
 - *Submitters of declined proposals shall be advised by the CALAFCO EO of the proposal's status and the reasons for the determination.*
- The CALAFCO EO shall call a meeting of the Policy Committee, to be held no later than the month of November, for the purpose of formally considering the recommended proposals.
 - *Meeting Agendas and Agenda packets shall be prepared by, or under the direction of, the CALAFCO EO and transmitted to the Policy Committee members at least two weeks prior to the meeting.*
 - *During the Policy Committee meeting, the CALAFCO EO shall provide an overview of each proposal, and why it is being recommended to the Committee.*
- The Committee shall consider each proposal, as well as the Association's Two-Year Legislative Platform, for recommendation to the full CALAFCO Board of Directors (BOD).
 - *Approval of proposals or platform changes requires a unanimous vote of the Committee's four Board members.*
 - *For any proposals that are declined, the CALAFCO EO shall advise the submitter of the proposal's status and the reasons for the determination.*
- There are no appeals from either determination above; however, submitters are not precluded from resubmitting their proposals in a following year.

² Omnibus bills must be *non-controversial in nature, meaning that they are grammatical corrections, minor non-substantive changes, or technical corrections that have no foreseeable opposition.*

BOARD APPROVAL

- The Executive Director shall present the recommended Two-Year Legislative Platform, as well as any Legislative Proposals approved by the Policy Committee, to the BOD at their next regularly scheduled meeting for full consideration.
 - *Board consideration of legislative proposals shall include a full discussion and deliberation of adherence to criteria, Association-wide need, potential effects, and financial guidelines.*
 - *The CALAFCO EO shall provide background information and expertise regarding each proposal, as needed.*
- Approval of proposals or platform changes requires a Supermajority of all Board members (11).
- An approved Legislative Platform will remain in effect until such time as a new one is approved by the Board under the above procedures.

ADVOCACY:

- The Executive Director shall transmit the approved Platform and legislative proposals to the Advocate.
- The Advocate is authorized to take a Priority 2 or 3 position on behalf of the Association for matters falling under the Legislative Platform.
 - *Ambiguities regarding application of the Legislative Platform will be discussed with the Executive Director prior to taking a position.*
- Priority 1 positions are approved exclusively by the CALAFCO Board of Directors.
 - *The Executive Director shall bring requests for sponsored bills or other Priority 1 positions, as well as deficiencies or ambiguities in the Legislative Platform, to the full Board for consideration, correction, and/or approval.*
- Through the Executive Director, the Advocate may seek expertise and support from the CALAFCO Executive Officer or Deputy Executive Officers to assist with particular bills.
 - *Such support may include attending meetings or testifying at legislative meetings.*
- The Advocate shall supply regular written reports to the Board through the Executive Director.
- The Executive Director shall be responsible for monitoring the Advocate's performance, and providing direction and guidance.
- Any legislation that causes a conflict of interest for the Advocate, shall be reported to the Executive Director and addressed by a second Advocate from another firm.



LEGISLATIVE PLATFORM

Adopted by the CALAFCO Board of Directors on TBD

1. LAFCO Purpose and Authority

- 1.1. Support legislation that enhances the authority of LAFCOs to carry out their duties under Government Code §56000 et seq. Oppose legislation that diminishes LAFCO authority.
- 1.2. Support authority for each LAFCO to establish local policies and practices to apply Government Code §56000 et seq. based on local needs and conditions. Oppose limitations to that authority.
- 1.3. Oppose the imposition of additional LAFCO responsibilities that require increased local funding. Oppose the imposition of unrelated responsibilities that dilute the ability of LAFCOs to meet their primary mission. Support increased funding for LAFCO responsibilities.
- 1.4. Support policies that align the responsibilities and authority of LAFCOs and regional agencies that have overlapping responsibilities to promote orderly development, discourage urban sprawl, preserve open space and prime agricultural lands, efficiently extend municipal service delivery, and provide housing for persons and families of all incomes. Oppose legislation or policies that create conflicts between LAFCOs and regional agencies.
- 1.5. Oppose policies that grant special status to any individual agency or proposal in a manner that circumvents or unbalances the LAFCO process.
- 1.6. Support policies that encourage individual commissioners to independently vote their conscience on issues affecting their own jurisdiction.

2. LAFCO Organization

- 2.1. Support policies that provide LAFCO independence from local agencies.
- 2.2. Oppose the re-composition of any LAFCO to create special seats. Support policies that recognize the importance of and ensure balanced representation by cities, the county, special districts, and the public.
- 2.3. Support representation of independent special districts on all LAFCOs in counties with independent districts and oppose removal of special districts from any LAFCO.
- 2.4. Support collaborative decision-making among neighboring LAFCOs when growth pressures and multicounty agencies extend beyond an individual LAFCO's boundaries.

3. Agricultural and Open Space Protection

- 3.1. Support legislation that enhances LAFCO authority or gives LAFCO tools—including the Williamson Act—to identify, encourage, and ensure the preservation of open space and prime agricultural lands in a manner that appropriately balances those interests with orderly development, discouraging urban sprawl, efficient extension of government services, and housing for persons and families of all incomes.

- 3.2. Encourage a consistent definition of open space and prime agricultural lands.
- 3.3. Support policies that enhance LAFCO authority to encourage cities, counties and special districts to preserve open space and prime agricultural lands in a manner that appropriately balances those interests with orderly development, discouraging urban sprawl, efficient extension of government services, and providing housing for persons and families of all incomes.

4. Orderly Growth

- 4.1. Support the recognition and use of spheres of influence as a planning tool guiding growth and development, the preservation of open space and prime agricultural lands, discouraging urban sprawl, the efficient use extension of government services, and providing housing to persons and families of all incomes.
- 4.2. Support policies requiring other agencies involved in determining and developing long-term growth and infrastructure plans to recognize LAFCO spheres of influence.
- 4.3. Support policies that promote orderly boundaries of local agencies and the elimination of islands within the sphere of influence and boundaries of cities and special districts.
- 4.4. Support policies that promote communication among cities, counties, special districts, stakeholders, and other affected parties through a collaborative process that resolves service, infrastructure, housing, land use, and fiscal issues prior to application to LAFCO.
- 4.5. Support policies that promote or require cooperation between counties and cities on decisions related to development within a city's sphere of influence.
- 4.6. Support policies that promote or require cooperation between cities and special districts on decisions related to development within city and district spheres of influence that overlap.
- 4.7. Support policies that allow the consideration of natural disasters and disaster preparedness when considering development and service delivery issues.

5. Service Delivery and Local Agency Effectiveness

- 5.1. Support LAFCO review of regional transportation plans, sustainable communities strategies, and other growth plans to ensure consistency with LAFCO decisions about orderly development, discouraging urban sprawl, preserving open space and prime agricultural lands, efficient extension of government services, and providing housing for persons and families of all incomes.
- 5.2. Support LAFCO authority as the preferred method for addressing efficient and effective governance matters at the local level. Support the availability of LAFCO tools that provide options for local governance and efficient service delivery, including the authority to impose conditions that assure a proposal's conformity with LAFCO's legislative mandates.
- 5.3. Support a deliberative and open process for the creation or reorganization of local governments that evaluates the proposed new or successor agency's long-term financial viability, governance structure, ability to efficiently deliver proposed services, and ability to provide housing for persons and families of all incomes.
- 5.4. Support legislation and collaborative efforts among agencies and LAFCOs that encourage opportunities for sharing services, staff, and facilities to provide more efficient and cost-effective services.

Legislative Priorities

Primary Issues

Authority of LAFCO

Support legislation that maintains or enhances LAFCO's authority to condition proposals in order to address any or all financial, growth, service delivery, and agricultural and open space preservation issues. Support legislation that maintains or enhances LAFCO's ability to make decisions regarding boundaries and formations, and to enact recommendations related to the delivery of services and the agencies providing them, including changes of organization and reorganizations.

Agriculture and Open Space Protection

Support policies, programs and legislation that recognize LAFCO's mission to protect and mitigate the loss of all types of agricultural lands, including prime agricultural lands and open space lands and that encourage other agencies to coordinate with local LAFCOs on land preservation and orderly growth. Support efforts that encourage the creation of habitat conservation plans.

Water Availability

Support policies, programs and legislation that promote an integrated approach to water availability and management. Promote adequate water supplies and infrastructure planning for current and planned growth and disadvantaged communities, and that support the sustainability of all types of agricultural lands, including prime agricultural lands and open space lands. Support policies that assist LAFCO in obtaining accurate and reliable water supply information in order to evaluate current and cumulative water demands for service expansions and boundary changes. Such policies should include the impacts of expanding water company service areas on orderly growth, and the impacts of consolidation or dissolution of water companies providing services.

Viability of Local Services

Support policies, programs and legislation that maintain or enhance LAFCO's ability to review and act to determine the efficient and sustainable delivery of local services and the financial viability of agencies providing those services to meet current and future needs including those identified in regional planning efforts such as sustainable communities strategies. Support legislation that provides LAFCO and local communities with options for local governance that ensures efficient, effective, and quality service delivery. Support efforts that provide tools to local agencies to address aging infrastructure, fiscal challenges, declining levels of services, and inadequate services to disadvantaged communities.

Issues of Interest

Housing

Provision of territory and services to support housing plans consistent with State affordable housing mandates, regional land use plans and local LAFCO policies.

Transportation

Effects of Regional Transportation Plans and expansion of transportation systems on future urban growth and service delivery needs, and the ability of local agencies to provide those services.

Flood Control

The ability and effectiveness of local agencies to maintain and improve levees and protect current infrastructure. Carefully consider the value of uninhabited territory, and the impact to public safety of proposed annexation to urban areas of uninhabited territory at risk of flooding. Support legislation that includes assessment of agency viability in decisions involving new funds for levee repair and maintenance. Support efforts that encourage the creation of habitat conservation plans.

Adequate Municipal Services In Inhabited Territory

Consistency of expedited processes for inhabited annexations with LAFCO law that include fiscal viability. Promote environmental justice for underserved inhabited communities, funding sources should be identified for extension of municipal services, including options for annexation of contiguous disadvantaged unincorporated communities. Support policies, programs, and legislation that would provide adequate municipal services to disadvantaged communities. Promote the delivery of adequate, sustainable, efficient, and effective levels of municipal services through periodic updates and reviews of Municipal Service Reviews, Spheres of Influence, and related studies prepared by LAFCOs.

Climate Adaptation

The ability and effectiveness of local agencies to proactively and effectively address issues that impact municipal service infrastructure and service delivery that include sea level rise, sand erosion, and levee protection. Adequate resources for local agencies to prepare for and appropriately respond to extreme disasters related to climate change. Ensure local agencies are considering climate resiliency when considering future development.

AGREEMENT FOR PROFESSIONAL SERVICES BETWEEN THE CALIFORNIA ASSOCIATION OF LOCAL AGENCY FORMATION COMMISSIONS AND HURST BROOKS ESPINOSA, LLC

This agreement for professional services (this “Agreement”) is made and entered into this 19th day of July, 2024 by and between the California Association of Local Agency Formation Commissions (“Client”) and Hurst Brooks Espinosa, LLC (“HBE”), collectively referred to as “the parties.”

RECITALS

- A. Client is in need of consulting and/or advocacy services with the California Legislature, Executive Branch, and/or another state government agency.
- B. HBE is qualified to provide such professional services.
- C. The parties desire by this agreement to establish the terms for the Client to retain Hurst Brooks Espinosa, LLC to provide the services described herein.

TERMS AND CONDITIONS

NOW, THEREFORE, IT IS AGREED AS FOLLOWS:

- 1. Description of Services
HBE shall provide the Client with consulting and advocacy services with the California Legislature, Executive Branch, and/or another state government agency (“Services”) pursuant to the attached scope of work in **Attachment One**, which is incorporated herein by this reference.

HBE shall subcontract with Nielsen Merksamer Parinello Gross and Leoni, LLP to assist with the provision of Services.
- 2. Payment for Services
 - a. Client shall pay HBE for Services rendered at the not-to-exceed rate of \$40,000 per fiscal year, commencing July, 2024.
 - b. HBE shall submit monthly billing statements to Client for Services rendered, in accordance with the payment schedule defined in Attachment Two. Client shall remit payment (**made payable to Hurst Brooks Espinosa, LLC**) within 30 days of receipt.
- 3. Expenses
Client shall reimburse HBE for reasonable and necessary expenses (travel, lodging, copying services, express mail, etc.) incurred in the performance of

Services for Client. HBE will include expenses in monthly billing statements. Any other special expenses shall be pre-approved by Client.

4. Time of Performance

HBE shall perform Services in a prompt and timely manner. Time is of the essence for each and every provision of this Agreement.

5. Warranties

HBE shall furnish Services in accordance with generally accepted professional practices and principles and in a manner consistent with the level of care and skill ordinarily exercised by members of the profession currently practicing under similar conditions. HBE makes no other warranty, either expressed or implied, as to its findings, recommendations, specifications, or professional advice.

6. Insurance

HBE shall, at its sole cost, procure and maintain at all times during this Agreement: (a) statutory Workers' Compensation Insurance coverage pursuant to Section 3700 of the California Labor Code, together with employer's liability coverage no less than \$1,000,000, if applicable; (b) Commercial General Liability Insurance (insuring against bodily injury and property damage) with a minimum coverage of \$1,000,000 for each occurrence and \$2,000,000 aggregate; (c) Automobile Liability Insurance with a minimum coverage of \$1,000,000 per accident for bodily injury and property damage; and (d) Professional Liability Insurance appropriate to the Services with a minimum coverage of \$1,000,000 per claim and annual aggregate. Client shall be named as an additional insured for the Commercial General Liability and Automobile Liability Insurance policies.

The policy or policies of insurance so required shall contain a contractual liability endorsement covering the liability assumed by HBE by the terms of this Agreement. The above-referenced insurance policies shall be furnished at HBE's expense, in a form and with insurance companies authorized to do business and having an agent for service of process in California and have an "A-" policyholder rating and a financial rating of at least Class VII in accordance with the most recent Best's Insurance Guide, or as otherwise approved by Client. If Best's is no longer published, comparable ratings shall be provided from a service acceptable to Client. Said policy or policies shall also contain provisions requiring that the coverage cannot be reduced or cancelled without giving Client thirty (30) days prior written notice. Any deductibles or self-insured retentions are subject to written approval of Client. Defense costs shall be payable in addition to the limits.

Before performing any Services, HBE shall furnish certificates of insurance evidencing the foregoing coverage and policy endorsements adding Client as

an additional insured for the Commercial General Liability and Automobile Liability Insurance policies.

7. Indemnification

To the fullest extent permitted by law, HBE shall defend (with counsel of Client's choosing), indemnify and hold Client, its Board, members of the Board, employees, and authorized volunteers free and harmless from any and all claims, demands, causes of action, suits, actions, proceedings, costs, expenses, liability, judgments, awards, decrees, settlements, loss, damage or injury of any kind, in law or equity, to property or persons, including wrongful death (collectively, "Claims"), in any manner arising out of, pertaining to, or incident to any alleged acts, errors or omissions, or willful misconduct of HBE, its officials, officers, employees, subcontractors, consultants or agents in connection with the performance of the HBE's services or this Agreement, including without limitation the payment of all consequential damages, expert witness fees and attorneys' fees and other related costs and expenses. HBE's obligation to indemnify shall not be restricted to insurance proceeds, if any, received by Client, its Board, members of the Board, employees, or authorized volunteers.

HBE shall defend, with counsel of Client's choosing and at HBE's own cost, expense and risk, any and all Claims covered by this section that may be brought or instituted against Client or its Board, members of the Board, employees, and authorized volunteers. HBE shall pay and satisfy any judgment, award or decree that may be rendered against Client, or its directors, officials, officers, employees, volunteers and agents as part of any such claim, suit, action or other proceeding. HBE shall also reimburse Client for the cost of any settlement paid by Client, its Board, members of the Board, Client employees and/or authorized volunteers as part of any such claim, suit, action or other proceeding. Such reimbursement shall include payment for Client's attorneys' fees and costs, including expert witness fees. HBE shall reimburse Client and its directors, officials, officers, employees, agents, and/or volunteers, for any and all legal expenses and costs incurred by each of them in connection therewith or in enforcing the indemnity herein provided. HBE's obligation to indemnify shall not be restricted to insurance proceeds, if any, received by Client, its Board, members of the Board, employees, and/or authorized volunteers.

The provisions of this Section 7 shall survive the termination of this Agreement.

8. Assignment or Transfer of Agreement

HBE shall not assign or transfer all or a portion of this Agreement or any rights under or interest in this Agreement without the written consent of Client, which may be withheld for any reason.

9. Relationship of the Parties

HBE is an independent contractor and will maintain complete control of and responsibility for the methods and operations involved in performing the Services. This Agreement shall not be construed so as to create a partnership, other joint venture or undertaking, or any agency relationship between the Parties, and neither Party shall become liable for any representation, act or omission of the other Party or have the authority to contractually bind the other Party. Any fees, expenses or other amounts paid by Client to HBE shall not be considered salary for pension or wage tax purposes. Client shall not be responsible for deducting or withholding from fees or expenses paid under this Agreement any taxes, unemployment, social security or other such expense.

10. Compliance with Laws

HBE shall procure, at its expense, all permits, licenses, or registrations required by governmental authorities and shall comply with all applicable local, state, and federal laws and regulations, including Cal-OSHA requirements, in the performance of this Agreement.

11. HBE Books and Records

Books, documents, papers, accounting records, and other evidence pertaining to costs incurred shall be maintained by HBE and made available at all reasonable times during the term of this Agreement and for four (4) years from the date of final payment under the Agreement for inspection by Client.

12. Integration; Amendment

This Agreement represents the entire understanding of Client and HBE as to those matters contained herein. No prior oral or written understanding shall be of any force or effect with respect to those matters contained herein. This Agreement may not be modified or altered except in writing signed by both parties.

13. Client's Property

Any documents developed by HBE under this Agreement shall, upon payment in full for Services, be furnished to and become the property of Client. Any documents made available to HBE by Client for the performance of Services shall remain the property of Client while in HBE's possession. Upon termination of this Agreement or the completion of work under this Agreement, HBE shall promptly return such documents to Client.

Client may utilize any material prepared or work performed by HBE in any manner that Client deems proper without additional compensation to HBE. HBE shall have no responsibility or liability for any revisions, changes, or corrections made by Client or any use or reuse pursuant to this paragraph unless HBE accepts such responsibility in writing.

14. Nondisclosure
HBE shall not make public information releases or otherwise publish any information or materials obtained or produced by it as a result of, or in connection with, the performance of Services without the prior written consent of Client.
15. Conflict of Interest Statement
HBE shall not accept employment or contract during the term of this Agreement with any firm or individual for the provision of services which would conflict directly or indirectly with services provided to Client under this Agreement.
16. Laws and Venue; Attorneys' Fees
This agreement shall be interpreted in accordance with the laws of the State of California. If any action is brought to interpret or enforce any term of this Agreement, the actions shall be brought in a state or federal court situated in the County of Sacramento, State of California. In the event of any such litigation between the parties, the prevailing party shall be entitled to recover all reasonable costs incurred, including reasonable attorneys' fees, as determined by the court.
17. No Personal Liability of Client Representatives
No officer or employee of Client shall be personally liable to HBE in the event of any default or breach by Client or for any amount which may become due to HBE or for any breach of the terms of this Agreement.
18. Termination of the Contract
Client may terminate this Agreement by giving HBE thirty (30) calendar days' written notice. In such event, the Client shall be given title immediately to the portion of Services completed and/or being abandoned. Client shall pay HBE for Services rendered prior to termination, but in no event shall Client be obligated to pay more than the maximum annual compensation set forth in Section 2. Upon termination, Client shall not be liable for any costs other than the fees, expenses, or portions thereof, which are specified herein.

HBE may terminate its obligation to provide Services upon providing thirty (30) calendar days' written notice to Client.
19. Non-Discrimination
During the term of this Agreement, HBE shall not deny the Agreement's benefits to any person on the basis of religion, color, ethnic group identification, gender, sexual orientation, age, physical or mental disability, nor shall they discriminate against any employee or applicant for employment because of their race, religion, color, national origin, ancestry, physical handicap, mental disability, medical condition, marital status, age, sexual orientation or gender.

20. Service Provider(s)
Jean Kinney Hurst for HBE and Geoff Neill for Nielsen Merksamer shall perform Services and shall not be removed from or reassigned without Client's prior approval.

21. Effective Date
This Agreement shall become effective upon the signing by both Parties and shall terminate by mutual agreement or as specified in this Agreement.

22. Notice
Any notice or instrument required to be given or delivered by this Agreement may be given or delivered by depositing the same in any United States Post Office, registered or certified, postage prepaid, addressed to:

CALAFCO
1451 River Park Drive, Suite 185
Sacramento, CA 95815
Attention: Rene' LaRoche

Hurst Brooks Espinosa, LLC
1127 11th Street, Suite 1005
Sacramento, CA 95814
Attention: Jean Kinney Hurst

And shall be effective upon receipt thereof.

23. No Third Party Beneficiaries
Nothing in this Agreement shall be construed to give any rights or benefits to anyone other than Client and HBE.

24. Severability
If any provision of this Agreement, or the application thereof under certain circumstances, is held invalid, the remainder of this Agreement, or the application of such provision under other circumstances, shall not be affected thereby and shall remain valid and enforceable.

25. Other Consultants
Client reserves the absolute right to employ other consultants, including consultants providing similar services as those provided by HBE.

26. Construction of Agreement

This Agreement has been prepared jointly by the parties. Any uncertainty or ambiguity shall not be construed for or against any party based on attribution of drafting to any party.

27. Signatures

The signatories to this Agreement represent that they have the authority to execute this Agreement.

IN WITNESS WHEREOF, the Parties hereby execute this Agreement.

Rene' LaRoche
California Association of Local Agency Formation Commissions

By: _____
Executive Director

Date: _____

Jean Kinney Hurst
Hurst Brooks Espinosa, LLC

By: _____
Partner

Date: _____

ATTACHMENT ONE
Scope of Service – CALAFCO

1. Strategic Advice

- Work with CALAFCO's Executive Director to identify priority issues for the organization.
- Develop strategic approaches and communication strategies to help facilitate resolution to CALAFCO priority issues.
- Assist CALAFCO in securing meetings and preparing for meetings and interactions with state officials.
- Develop supportive materials, such as letters, talking points, or other follow-up resources, as needed.

2. State Legislative and Budget Advocacy

- Advocate for CALAFCO priorities before the state Legislature and Administration.
- Assist CALAFCO in identifying legislative issues of concern.
- Testify on priority bills and budget issues before the state Legislature.
- Coordinate and collaborate with other organizations, local governments, companies and firms on CALAFCO priorities and other efforts to advance CALAFCO's interests.
- Participate in regular communications with CALAFCO to discuss legislative and budget issues of interest as well as policy objectives.
- Provide timely written analysis of the January and May state budget releases and identify issues and opportunities for CALAFCO.
- Provide written updates on policy and political issues of interest, including state ballot measures.
- Distribute HBE's weekly legislative update that covers news and developments on activities in and around Sacramento.
- Provide a written annual report of advocacy efforts related to CALAFCO's legislative priorities and platform.

3. CALAFCO Membership Engagement

- At the request of the Executive Director, present at meetings of the CALAFCO Executive Committee and/or Board of Directors on legislative issues of concern.
- At the direction of the Executive Director, work with CALAFCO members to provide input and engagement on legislative matters.
- Assist in drafting materials related to legislative priorities and platform for consideration by CALAFCO leadership.

ATTACHMENT TWO
Payment Schedule – CALAFCO

For the months of July, Client shall be billed in the sum of \$3,337. The remaining months of the fiscal year shall be billed in the sum of \$3,333.

ATTACHMENT D. SR Jones Comments

From: SR Jones <SR.Jones@nevadacountyca.gov>
Sent: Tuesday, July 9, 2024 12:51 PM
To: Rene LaRoche <rlaroche@calafco.org>
Cc: Gordon Mangel ([REDACTED])
Subject: RE: CALAFCO Ad Hoc Modernization Committee

Hello, Rene!

Thanks for sending along the Ad Hoc Committee's proposal. This shows a thoughtful approach that I think will be very helpful to our association's legislative efforts.

Gordon mentioned that you were hoping I might have some availability to meet with the committee on Friday the 19th. Unfortunately, I'll be out of town and cell phone range (heading out to camp at a very remote location).

In general, I think the new approach will help make CALAFCo's efforts in the legislative field more effective. I especially appreciate the leveraging of CALAFCo's Executive Officer and regional EOs. LAFCo staff have a comprehensive overview of legislative nuance that will be critical in helping the committee assess the impacts of proposed new legislation.

I see that the proposal includes contracting with *Hurst Brooks and Espinosa* in the amount of \$40k per year. The committee may want to further elaborate on the scope of this contract in the materials that are eventually distributed to the membership. I can tell you that many years ago, perhaps back in the mid-1990s (?), CALAFCo did employ a legislative advocate. My recollection is that the CALAFCo Board felt that the utility of that relationship was not commensurate with the cost. Clark Alsop will remember the details, no doubt!

I'll be happy to engage in any further discussions if you think it helpful. Good luck moving forward – this is much needed!

SR

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BOARD OF DIRECTORS MEETING STAFF REPORT

Agenda Item No. 9

Item:	MERIT INCREASE TO THE EXECUTIVE DIRECTOR SALARY
Meeting Date:	July 19, 2024
Submitted By:	Margie Mohler, CALAFCO Board Chair

RECOMMENDATION

Approve a \$15,000 merit increase to the Executive Director’s Salary.

DISCUSSION

For many organizations, salaries fall within a predetermined range of compensation, which are defined in “steps” ranging from the lowest to the highest salary for a position. With good annual performance, the salary can be adjusted to the next step higher. This recognizes that employees become more proficient and effective in their jobs over time, while also incentivizing employees to remain with the organization.

As a relatively new employee position for the association, the Executive Director (E.D.) salary does not have salary steps to guide increases. Consequently, without such a mechanism for regular evaluation and adjustment, it remains left to the Board to determine appropriate adjustments if performance, as evaluated by the Executive Committee pursuant to CALAFCO policy, so warrants.

On May 30, 2024, the Executive Committee conducted the annual performance evaluation of the E.D., and concluded that the E.D.’s performance has been outstanding. That rating was achieved when considering a long litany of accomplishments over the past year, including:

- Holding a successful Staff Workshop. Realized a return of **\$7,357**
- Holding a successful Annual Conference with highest attendance ever. Return of **\$56,771**
- Through a series of smaller actions including moving to a new office, reducing administrative overhead by **\$14,276**
- Increasing association net assets **by 30%** as of December 31, 2023

The Executive Committee felt that the incumbent’s performance is worthy of a merit increase and is recommending a \$15,000 salary increase, which will raise the E.D.’s base salary from \$136,370 per year to \$151,370, with the \$1,000 per month stipend paid in lieu of health benefits unchanged.

It should also be noted that, according to aggregated salary data from among 18,252 comparable position listings in Glassdoor.com, E.D. salaries in the Sacramento region typically range from \$154,000 to \$279,000 annually, with a median total compensation packet of \$205,292. Consequently, the proposed new base salary of \$151,370 also compares more favorably to others in the industry within the Sacramento region.

RECOMMENDATION:

The Executive Committee recommends increasing the Executive Director base salary from \$136,370 to \$151,370 per year, effective July 16, 2024, with no change to the monthly health benefit stipend.

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BOARD OF DIRECTORS MEETING STAFF REPORT

Agenda Item No. 10

Item:	FY 2023-24 YEAR END REPORTS; AND FY 2024-25 BUDGET ADJUSTMENT
Meeting Date:	July 19, 2024
Submitted By:	René LaRoche, Executive Director

RECOMMENDATION

Receive the FY 2023-24 Fourth Quarter Financial Reports, and Adjust the FY 2024-25 Budget to incorporate end-of-year actuals.

DISCUSSION

Each quarter, the Board is presented with a report that shows the association’s financial status at the end of the last quarter of the fiscal year (FY). As the final quarter of the fiscal year, this report also serves as the year-end report and synopsis of the FY 23-24 budget performance.

Since the FY 24-25 budget was adopted based on projections, immediately following this year-end report is an action to adjust the FY 24-25 Budget to capture the actual amount of carry over funds, and to incorporate some changed budgeting expectations.

FY 2023-24 FOURTH QUARTER FINAL REPORTS

Overall, the last fiscal year realized higher than anticipated total revenues, while maintaining the status quo for total expenses. Those two scenarios combined to result in a robust carryover amount of \$196,834 which will be applied as Carryover funding in the FY 24-25 Budget Adjustment below.

ACTUALS VS. BUDGET COMPARISON

- **Higher Revenues**

Total Member Dues (4000) posted at \$338,507, which represented a marginal increase of slightly less than 1% due to two Associate Members upgrading their memberships from Silver to Gold, and the acquisition of three new Silver members.

However, the remaining revenues, noted in the table below, were markedly higher than had been budgeted:

BUDGET OBJECT	Posted Amount
Conference Revenue (5100)	\$182,096 - 13% higher than budgeted due to a 23% increase in conference attendance from average years.

Workshop Revenue (5200)	\$63,760 - 31% higher than budgeted due to two substantial sponsorships, and due to the hotel waiving the meeting room rental fees.
Other Revenues (5400)	\$19,950 - 329% higher due to a refund of estimated payroll taxes from the IRS, and higher interest realized on larger bank balances.

The Total Revenue in FY 2023-2024 posted at \$604,638.82, or 9.54% higher than anticipated.

- **Total Expenses Mostly Unchanged**

On the other side of the coin, total expenses came in with an increase that was slightly less than 1%. At the object level, almost all of the expenses posted lower than budgeted. However, one exception is found with the Workshop Expenses (8100), which posted \$6,568 higher than budgeted (putting it 13% over budget.) Additionally, the Contingency fund was unused and will become part of the Carry Over in the FY 2024-2025 budget.

BUDGET OBJECT	Posted Amount
Personnel Expenses (6000)	\$205,214 - 2% less than budgeted.
Board Expenses and Stipends (7000)	\$ 20,070 - 26% less than budgeted.
Professional Services (7100)	\$ 27,772 - 44% less than budgeted.
Operating Expenses (7500)	\$ 31,860 - 40% less than budgeted.
Conferences Expenses (8000)	\$125,325 - 14% less than budgeted.
Workshop Expenses (8100)	\$ 57,207 - 13% more than budgeted.
CALAFCO U Training (8200)	Posted no expense
Legislative Services (8300)	\$ 4,656 - 41% less than budgeted.
White Papers (8400)	Posted no expense.

STATEMENT OF ACTIVITY COMPARISON BETWEEN YEARS

- **Total Revenues up 17% Over Last FY**

Higher total revenue and unchanged total expenses are similarly reflected in the Statement of Activity Comparison, which compares the actual figures for FY 23-24 against the prior fiscal year.

Actual Revenues for FY 23-24 totaled \$604,639, which was **18% higher** than FY 22-23; while Total Expenditures for FY 23-24 posted at \$472,103, which represents a less than 1% increase from the previous year.

QUARTERLY BALANCE SHEET COMPARISON

- **Net Assets Up 56%**

The Quarterly Balance Sheets show that CALAFCO's assets have been steadily growing over the past year – also a function of increased revenues and status quo expenses.

While the total equity in the last quarter of FY 23-24 (found in the column labeled “Current” on the report) dipped when compared against the Past Period that ended on March 31st, that is an expected performance given that most of the association's revenues are received in the first two quarters of the fiscal year.

However, more telling is that the comparison between fiscal years shows that net assets in the Past Year ending on June 30, 2023, totaled \$238,888; while on June 30, 2024, the total had increased by 56% to \$372,907.

Lastly, the balance sheet also indicates that the end-of-year carry over amount is \$196,834 (Computed by calculating subtracting the Fund Reserve (3910) from the Total Equity.) That carry over amount is reflected in the final budget adjustment below.

STATEMENT OF CASH FLOWS

The cash flow statement similarly shows sound financial health with the cash on the books far exceeding liabilities.

INVESTMENT DETAILS

Investment interest is captured in Fund Line 5700 (Dividends & Interest) and is incorporated in the above reports. However, specific investment details are found below:

LOCAL AGENCY INVESTMENT FUND (LAIF) Account

\$181,515.83 - LAIF beginning balance on April 1, 2024.
+ \$2,036.27 in interest was credited April 12, 2024.
- \$75,000.00 which was transferred to the checking account on May 20, 2024.
\$108,552.10 Balance Q4 end

LAIF monthly effective yields continue to increase slightly. They averaged 4.272%, 4.332%, and 4.480% for the months of April, May, and June.

CHASE BANK

CERTIFICATE OF DEPOSIT

9 month Certificate of Deposit opened on December 18, 2023.
Initial deposit of \$235,000 - 5.0% APY
Interest Earned to Date: \$ 6,239.13
\$241,239.13 - Q4 Ending Balance.

PLATINUM BUSINESS CHECKING

\$1.00 - Q4 Opening Balance
No activity.
\$1.00 - Q4 Ending Balance

FY 2024-25 BUDGET ADJUSTMENT

With the year-end actual numbers now posted, adjustment of the FY 24-25 budget is recommended to capture updated information and ensure the accuracy of the amount of carry over funding

Additionally, earlier in this meeting, the Board is scheduled to consider two items not currently funded in the budget. The first, being a larger contract for advocacy services from Hurst, Brooks, and Espinosa (which fulfills a Strategic Plan initiative), and the second to consider a merit increase to the executive director salary, which is being recommended by the Executive Committee. Approval of one or both of those actions also require a budget adjustment.

Consequently, the budget adjustments discussed below fall into three categories:

- A. General changes based on updated numbers and information;
- B. Implementation of an increased advocacy contract with Hurst, Brooks, and Espinosa; and
- C. Implementation of a merit increase to the executive director salary.

Two budget options are attached for consideration. Budget Option 1 (yellow column on Attachment B) contains both the general changes detailed below and, because it is a Strategic Plan initiative, the advocacy contract. Budget Option 2 (blue column) contains the same changes, plus the merit increase. Thus, recommended budget changes are divided into those three categories and outlined below:

A. GENERAL CHANGES *(Contained in both budget options)*

The general changes which are being recommended as budget adjustments are:

INCREASES

- Silver Associate Member Dues (4222) increased by \$1,200 to capture revenue from new members (now have 25);
- Dividends & Interest revenue (5700) increased by \$7,500 to reflect continuation of higher interest rates on larger balances;
- Carryover funding increased by \$18,950 to \$196,834 to capture a larger than anticipated net balance of unused funds left over from FY23-24.
- Communications expense (7550) increased by \$100 to better align with actual monthly expense in the new office space; and
- Workshops - Legal expense expense (8120) increased by \$500 to better align with the expenses actually incurred over the course of the past two years.

DECREASES

- Administrative Services expense (6020) decreased by \$1,364 to better align with actuals;
- Legal Services - General expense (7110) decreased by \$1,300 to better align with actual expenses incurred over the course of the last five years;
- Printing-Copying-Postage (7540) decreased by \$500 to better align with actual expenses, which have continued to decrease due to increased preference for digital products;
- Insurance Expenses (7560) decreased by \$200 to better align with actual expense;
- Member Directory expense (7620) decreased by \$400 to better align with actual expense which has decreased as members rely more on digital products; and
- Legis - Bill Tracking Service expense (8330) decreased by \$200 to better align with actual expense.

B. ADVOCACY (Contained in both budget options)

The changes needed to reflect the new Hurst Brooks and Espinosa contract for \$40,000, which implements a Strategic Plan initiative are:

- Legis Comm – General Exp (8320) zeroed;
- Legis – Legal Services (8340) zeroed; and
- Legis – Lobbyist (8350) increased from \$10,000 to \$40,000.

C. MERIT INCREASE (Contained only in budget option 2)

- Executive Director (6010) increased from \$148,370 (\$136,370+\$12,000 stipend) to \$162,745 (\$136,370 + \$15,000/24*23 + \$12,000 stipend).
- Payroll Taxes (6050) increased by \$995.

BUDGET OPTION OVERVIEWS

Budget Option 1 (without ED merit increase):

Total Annual Operational Revenue = \$374,648
Total Annual Operational Expenses = \$320,361
Contingency budgeted = \$244,506 (9.2 months of operational expenses)

Structural Balance:

- \$ 7,887 Surplus - using LAFCO dues revenue only
- \$46,287 Surplus - using all recurring revenues (but not events revenue)

Budget Option 2 (with ED merit increase):

Total Annual Operational Revenue = \$374,648
Total Annual Operational Expenses = \$343,836
Contingency budgeted = \$229,031 (8.0 months of operational expenses)

Structural Balance:

- -\$ 7,588 Deficit – using LAFCO dues revenue only
- \$30,812 Surplus - using all recurring revenues (but not events revenue)

RECOMMENDATION:

To receive and file the 4th Quarter FY 23-24 Financial Report; and Adjust the FY 24-25 fiscal year budget to incorporate end-of-year actuals and to fund other actions that may have been approved by the Board earlier in this meeting.

ATTACHMENTS:

- A Quarterly Financial Report for the period ending June 30, 2024
- B. Budget Adjustment Options

Quarterly Financial Report

California Local Agency Formation Commission
For the period ending June 30, 2024



Prepared on
July 11, 2024

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Actuals vs. Budget Comparison, FY 23-24

July 2023 - June 2024

	Actual	Budget	Total % of Budget
REVENUE			
4000 DUES			
4100 Member LAFcos	328,507.00	328,504.00	100.00 %
4220 Associate Members			
4221 Gold Associate	4,000.00	2,000.00	200.00 %
4222 Silver Associate	6,000.00	6,600.00	90.91 %
Total 4220 Associate Members	10,000.00	8,600.00	116.28 %
Total 4000 DUES	338,507.00	337,104.00	100.42 %
4500 CONTRIBUTIONS - UNRESTRICTED			
4510 Individual	300.00		
Total 4500 CONTRIBUTIONS - UNRESTRICTED	300.00		
4550 Contributions - restricted	25.00		
5000 CONFERENCES/WORKSHOPS/TRAINING			
5100 Conferences	182,096.42	160,660.00	113.34 %
5200 Workshops	63,760.00	48,556.00	131.31 %
5300 Training - CALAFco U		1,000.00	
Total 5000 CONFERENCES/WORKSHOPS/TRAINING	245,856.42	210,216.00	116.95 %
5400 OTHER REVENUES			
5500 Publication Sales	736.00	1,500.00	49.07 %
5600 Miscellaneous Revenue	2,258.33	400.00	564.58 %
5700 Dividends & Interest	16,956.07	2,750.00	616.58 %
Total 5400 OTHER REVENUES	19,950.40	4,650.00	429.04 %
Total Revenue	604,638.82	551,970.00	109.54 %
GROSS PROFIT	604,638.82	551,970.00	109.54 %
EXPENDITURES			
6000 PERSONNEL			
6010 Executive Director	148,369.92	148,370.00	100.00 %
6020 Administrative Services	40,427.36	44,000.00	91.88 %
6050 Payroll Taxes	14,862.99	14,716.00	101.00 %
6060 Workers Compensation	845.00	1,000.00	84.50 %
6090 Payroll and Other Employee Cost	709.00	1,476.00	48.04 %
Total 6000 PERSONNEL	205,214.27	209,562.00	97.93 %
7000 BOARD/STIPENDS			
7010 Board Meeting Expenses		2,000.00	
7020 Board Legal Services	2,070.00	7,000.00	29.57 %
7050 LAFco Stipends - Staff			
7051 Executive Officer Stipend	6,000.00	6,000.00	100.00 %
7052 Dep Executive Officer Stipend	12,000.00	12,000.00	100.00 %

			Total
	Actual	Budget	% of Budget
Total 7050 LAFCo Stipends - Staff	18,000.00	18,000.00	100.00 %
Total 7000 BOARD/STIPENDS	20,070.00	27,000.00	74.33 %
7100 PROFESSIONAL SERVICES			
7110 Legal Services - General		7,000.00	
7120 Tax and Accounting Services	7,640.60	20,000.00	38.20 %
7130 Other Professional Services	20,131.50	22,250.00	90.48 %
Total 7100 PROFESSIONAL SERVICES	27,772.10	49,250.00	56.39 %
7500 OPERATING EXPENSES			
7510 Office Rent	7,743.65	11,450.00	67.63 %
7530 Supplies and Other Office	3,384.40	3,500.00	96.70 %
7540 Printing-Copying-Postage	211.87	1,000.00	21.19 %
7550 Communications	2,826.26	2,600.00	108.70 %
7555 Bad Debts	1,200.00		
7560 Insurance Expenses	2,824.99	2,500.00	113.00 %
7570 Bank-Investment Expenses	381.54	400.00	95.39 %
7580 Accreditations & Subscriptions	2,015.00	5,600.00	35.98 %
7590 Website Expenses	9,538.20	23,000.00	41.47 %
7600 Publications Expenses			
7610 Newsletters/Publications	718.30	1,500.00	47.89 %
7620 Member Directory	915.29	1,200.00	76.27 %
7630 LAFCO Brochures		0.00	
Total 7600 Publications Expenses	1,633.59	2,700.00	60.50 %
7650 Tax & Corp Filing Expense	100.00	100.00	100.00 %
Total 7500 OPERATING EXPENSES	31,859.50	52,850.00	60.28 %
8000 CONFERENCES			
8010 General	122,486.53	141,561.00	86.53 %
8020 Legal	2,838.52	4,500.00	63.08 %
Total 8000 CONFERENCES	125,325.05	146,061.00	85.80 %
8100 WORKSHOPS			
8110 General	53,558.54	47,639.00	112.43 %
8120 Legal	3,648.01	3,000.00	121.60 %
Total 8100 WORKSHOPS	57,206.55	50,639.00	112.97 %
8200 TRAINING - CALAFCO U			
8210 General		1,000.00	
Total 8200 TRAINING - CALAFCO U		1,000.00	
8300 LEGISLATIVE SERVICES			
8320 Legis Comm - General Exp		1,250.00	
8330 Legis - Bill Tracking Service	1,836.00	2,100.00	87.43 %
8340 Legis - Legal Services	2,820.00	4,500.00	62.67 %
Total 8300 LEGISLATIVE SERVICES	4,656.00	7,850.00	59.31 %

	Actual	Budget	Total % of Budget
8400 RESEARCH & INFORMATION			
8410 Best Practice/White Papers		3,000.00	
Total 8400 RESEARCH & INFORMATION		3,000.00	
Total Expenditures	472,103.47	547,212.00	86.27 %
NET OPERATING REVENUE	132,535.35	4,758.00	2,785.53 %
NET REVENUE	\$132,535.35	\$4,758.00	2,785.53 %

Statement of Activity Comparison Between Years - Start of Fiscal Year to Quarter End (Accrual Basis)

July 2023 - June 2024

		Total
	Jul 2023 - Jun 2024	Jul 2022 - Jun 2023 (PY)
REVENUE		
4000 DUES		
4100 Member LAFCos	328,507.00	303,411.00
4220 Associate Members		
4221 Gold Associate	4,000.00	2,000.00
4222 Silver Associate	6,000.00	6,600.00
Total 4220 Associate Members	10,000.00	8,600.00
Total 4000 DUES	338,507.00	312,011.00
4500 CONTRIBUTIONS - UNRESTRICTED		
4510 Individual	300.00	
Total 4500 CONTRIBUTIONS - UNRESTRICTED	300.00	
4550 Contributions - restricted	25.00	
5000 CONFERENCES/WORKSHOPS/TRAINING		
5100 Conferences	182,096.42	148,388.03
5200 Workshops	63,760.00	42,055.00
5300 Training - CALAFCO U		4,250.00
Total 5000 CONFERENCES/WORKSHOPS/TRAINING	245,856.42	194,693.03
5400 OTHER REVENUES		
5500 Publication Sales	736.00	896.00
5600 Miscellaneous Revenue	2,258.33	
5700 Dividends & Interest	16,956.07	4,624.22
Total 5400 OTHER REVENUES	19,950.40	5,520.22
Total Revenue	604,638.82	512,224.25
GROSS PROFIT	604,638.82	512,224.25
EXPENDITURES		
6000 PERSONNEL		
6010 Executive Director	148,369.92	144,123.36
6020 Administrative Services	40,427.36	36,400.43
6050 Payroll Taxes	14,862.99	14,328.07
6060 Workers Compensation	845.00	812.00
6090 Payroll and Other Employee Cost	709.00	1,452.52
Total 6000 PERSONNEL	205,214.27	197,116.38
7000 BOARD/STIPENDS		
7010 Board Meeting Expenses		1,928.64
7020 Board Legal Services	2,070.00	3,833.92
7050 LAFCo Stipends - Staff		

		Total
	Jul 2023 - Jun 2024	Jul 2022 - Jun 2023 (PY)
7051 Executive Officer Stipend	6,000.00	6,000.00
7052 Dep Executive Officer Stipend	12,000.00	12,000.00
Total 7050 LAFCo Stipends - Staff	18,000.00	18,000.00
Total 7000 BOARD/STIPENDS	20,070.00	23,762.56
7100 PROFESSIONAL SERVICES		
7110 Legal Services - General		1,635.00
7120 Tax and Accounting Services	7,640.60	10,000.00
7130 Other Professional Services	20,131.50	14,133.00
Total 7100 PROFESSIONAL SERVICES	27,772.10	25,768.00
7500 OPERATING EXPENSES		
7510 Office Rent	7,743.65	16,200.00
7530 Supplies and Other Office	3,384.40	1,120.18
7540 Printing-Copying-Postage	211.87	391.91
7550 Communications	2,826.26	2,932.10
7555 Bad Debts	1,200.00	
7560 Insurance Expenses	2,824.99	2,387.32
7570 Bank-Investment Expenses	381.54	303.40
7580 Accreditations & Subscriptions	2,015.00	3,394.83
7590 Website Expenses	9,538.20	3,430.95
7600 Publications Expenses		
7610 Newsletters/Publications	718.30	609.35
7620 Member Directory	915.29	974.35
Total 7600 Publications Expenses	1,633.59	1,583.70
7650 Tax & Corp Filing Expense	100.00	100.00
Total 7500 OPERATING EXPENSES	31,859.50	31,844.39
8000 CONFERENCES		
8010 General	122,486.53	141,747.68
8020 Legal	2,838.52	3,118.33
Total 8000 CONFERENCES	125,325.05	144,866.01
8100 WORKSHOPS		
8110 General	53,558.54	32,893.36
8120 Legal	3,648.01	3,305.00
Total 8100 WORKSHOPS	57,206.55	36,198.36
8300 LEGISLATIVE SERVICES		
8330 Legis - Bill Tracking Service	1,836.00	2,030.62
8340 Legis - Legal Services	2,820.00	3,165.00
Total 8300 LEGISLATIVE SERVICES	4,656.00	5,195.62
8400 RESEARCH & INFORMATION		
8410 Best Practice/White Papers		3,000.00
Total 8400 RESEARCH & INFORMATION		3,000.00

		Total
	Jul 2023 - Jun 2024	Jul 2022 - Jun 2023 (PY)
Total Expenditures	472,103.47	467,751.32
NET OPERATING REVENUE	132,535.35	44,472.93
NET REVENUE	\$132,535.35	\$44,472.93

Quarterly Balance Sheet Comparison

As of June 30, 2024

	Current	As of Mar 31, 2024 (PP)	Apr - Jun, 2024 As of Jun 30, 2023 (PY)
ASSETS			
Current Assets			
Bank Accounts			
1000 CASH	0.00	0.00	0.00
1050 US Bank - Checking	15,262.37	48,820.32	52,283.76
1060 US Bank - Savings/Overdraft	0.00	5,000.00	5,000.00
1070 Chase CD - #7341	241,239.13	238,322.05	0.00
1080 Chase acct #5098	1.00	1.00	0.00
1090 LAIF - Short Term Investments	108,552.10	181,515.83	207,835.16
Total 1000 CASH	365,054.60	473,659.20	265,118.92
Total Bank Accounts	365,054.60	473,659.20	265,118.92
Accounts Receivable			
1100 ACCOUNTS RECEIVABLE	0.00	0.00	0.00
1105 LAFCo Member Dues	-8,316.00	5,000.00	-28,931.00
Total 1100 ACCOUNTS RECEIVABLE	-8,316.00	5,000.00	-28,931.00
Total Accounts Receivable	-8,316.00	5,000.00	-28,931.00
Other Current Assets			
1400 OTHER ASSETS	0.00	0.00	0.00
1460 Deposits and Prepaid Expenses	16,168.56	16,329.56	2,700.00
Total 1400 OTHER ASSETS	16,168.56	16,329.56	2,700.00
Total Other Current Assets	16,168.56	16,329.56	2,700.00
Total Current Assets	372,907.16	494,988.76	238,887.92
TOTAL ASSETS	\$372,907.16	\$494,988.76	\$238,887.92

LIABILITIES AND EQUITY

Liabilities

Current Liabilities

Accounts Payable

2000 ACCOUNTS PAYABLE	0.00	2,106.00	3,825.20
Total Accounts Payable	0.00	2,106.00	3,825.20

Credit Cards

2052 Visa 1536	1,216.59	2,455.89	0.00
Total Credit Cards	1,216.59	2,455.89	0.00

Other Current Liabilities

2100 ACCRUED LIABILITIES	0.00	0.00	0.00
2160 Deferred Conf/Wrk Rev and Exp	1,500.00	0.00	0.00
2170 Deferred Membership Dues	900.00	82,126.78	0.00

	Current	As of Mar 31, 2024 (PP)	As of Jun 30, 2023 (PY)
2180 Accrued Expenses	9,701.61	8,672.09	8,010.11
Total 2100 ACCRUED LIABILITIES	12,101.61	90,798.87	8,010.11
2200 ACCRUED PAYROLL	0.00	0.00	0.00
2210 Federal - Taxes	-0.04	-0.04	-0.04
2220 State Taxes	0.02	0.02	0.02
Total 2200 ACCRUED PAYROLL	-0.02	-0.02	-0.02
Payroll Liabilities	0.00	0.00	0.00
CA PIT / SDI	0.00	0.00	0.00
CA SUI / ETT	0.00	420.00	0.00
Federal Taxes (941/943/944)	0.00	0.00	0.00
Total Payroll Liabilities	0.00	420.00	0.00
Total Other Current Liabilities	12,101.59	91,218.85	8,010.09
Total Current Liabilities	13,318.18	95,780.74	11,835.29
Total Liabilities	13,318.18	95,780.74	11,835.29
Equity			
3000 Opening Balance Equity	1.00	1.00	0.00
3900 Unrestricted Net Assets	64,298.63	64,298.63	19,825.70
3910 Fund Reserve	162,754.00	162,754.00	162,754.00
Net Revenue	132,535.35	172,154.39	44,472.93
Total Equity	359,588.98	399,208.02	227,052.63
TOTAL LIABILITIES AND EQUITY	\$372,907.16	\$494,988.76	\$238,887.92

Statement of Cash Flows

July 2023 - June 2024

	Total
OPERATING ACTIVITIES	
Net Revenue	132,535.35
Adjustments to reconcile Net Revenue to Net Cash provided by operations:	
1105 ACCOUNTS RECEIVABLE:LAFCo Member Dues	-20,615.00
1460 OTHER ASSETS:Deposits and Prepaid Expenses	-13,468.56
2000 ACCOUNTS PAYABLE	-3,825.20
2052 Visa 1536	1,216.59
2160 ACCRUED LIABILITIES:Deferred Conf/Wrk Rev and Exp	1,500.00
2170 ACCRUED LIABILITIES:Deferred Membership Dues	900.00
2180 ACCRUED LIABILITIES:Accrued Expenses	1,691.50
2190 ACCRUED LIABILITIES:Accrued Rent	0.00
2210 ACCRUED PAYROLL:Federal - Taxes	0.00
2220 ACCRUED PAYROLL:State Taxes	0.00
2290 ACCRUED PAYROLL:Direct Deposit Liabilities	0.00
Direct Deposit Payable	0.00
Payroll Liabilities:CA PIT / SDI	0.00
Payroll Liabilities:CA SUI / ETT	0.00
Payroll Liabilities:Federal Taxes (941/943/944)	0.00
Total Adjustments to reconcile Net Revenue to Net Cash provided by operations:	-32,600.67
Net cash provided by operating activities	99,934.68
FINANCING ACTIVITIES	
3000 Opening Balance Equity	1.00
Net cash provided by financing activities	1.00
NET CASH INCREASE FOR PERIOD	99,935.68
Cash at beginning of period	265,118.92
CASH AT END OF PERIOD	\$365,054.60

CALAFCO Budget
BUDGET ADJUSTMENT OPTIONS
 Fiscal Year 2024-2025

Both options below contain the \$40,000
 Advocate's contract

		Actuals 06-30-24	FY 24-25 AS APPROVED (4-12-24)	OPTION 1 without E.D. salary increase	OPTION 2 with E.D. salary increase
				#1 PROPOSED FINAL BUDGET FY 24-25	#2 PROPOSED FINAL BUDGET FY 24-25
INCOME					
4000 · DUES					
4100 · Member LAFcos	328,507	336,248	336,248	336,248	336,248
4220 · Associate Members					
4221 · Gold Associate	4,000	4,000	4,000	4,000	4,000
4222 · Silver Associate	6,000	6,300	7,500	7,500	7,500
Total 4220 · Associate Members	10,000	10,300	11,500	11,500	11,500
Total 4000 · Member Dues	338,507	346,548	347,748	347,748	347,748
4500 - CONTRIBUTIONS					
4510 - Unrestricted	300				
4550 - Restricted	25				
5000 · CONFERENCES/WORKSHOPS/TRAINING					
5100 · Conferences	182,096	165,000	165,000	165,000	165,000
5200 · Workshops	63,760	51,550	51,550	51,550	51,550
5300 · Training Classes - CALAFCO U	0	0	0	0	0
Total 5000 · CONFERENCES/WORKSHOPS/TRAINING	245,856	216,550	216,550	216,550	216,550
5400 · OTHER REVENUES					
5500 · Publication sales	736	1,500	1,500	1,500	1,500
5600 · Miscellaneous revenue	2,258	400	400	400	400
5700 · Dividends & Interest	16,956	17,500	25,000	25,000	25,000
Total 5400 · OTHER REVENUES	19,950	19,400	26,900	26,900	26,900
Total Revenues	604,639	582,498	591,198	591,198	591,198
Carryover from prior year	64,299	177,884	196,834	196,834	196,834
Total Income	668,938	760,382	788,032	788,032	788,032
EXPENDITURES					
6000 · PERSONNEL					
6010 · Executive Director	148,370	148,370	148,370	162,745	162,745
6020 · Administrative Services	40,427	45,364	44,000	44,000	44,000
6050 · Payroll Taxes	14,863	14,821	14,716	15,816	15,816
6060 · Workers Compensation Insurance	845	1,000	1,000	1,000	1,000
6090 · Payroll and Other Employee Cost	709	750	750	750	750
Total 6000 · PERSONNEL	205,214	210,305	208,836	224,311	224,311
7000 · BOARD/STIPENDS					
7010 · Board Meeting Expenses	0	2,000	2,000	2,000	2,000
7020 · Board Legal Services	2,070	7,000	7,000	7,000	7,000
7050 · LAFCo Stipends - Staff					
7051 · Executive Officer stipend	6,000	6,000	6,000	6,000	6,000
7052 · Dep Executive Officer stipend	12,000	12,000	12,000	12,000	12,000
Total 7000 · BOARD/STIPENDS	20,070	27,000	27,000	27,000	27,000
7100 · PROFESSIONAL SERVICES					
7110 · Legal Services - General	0	7,000	5,700	5,700	5,700
7120 · Tax and Accounting Services	7,641	9,000	9,000	9,000	9,000
7130 · Other Professional Services	20,132	2,000	2,000	2,000	2,000
Total 7100 · PROFESSIONAL SERVICES	27,772	18,000	16,700	16,700	16,700

	Actuals 06-30-24	FY 24-25 AS APPROVED (4-12-24)	#1 PROPOSED FINAL BUDGET FY 24-25	#2 PROPOSED FINAL BUDGET FY 24-25
7500 · OPERATING EXPENSES				
7510 · Office Rent	7,744	13,000	13,000	13,000
7530 · Supplies and Other Office	3,384	1,500	1,500	1,500
7540 · Printing-Copying-Postage	212	1,000	500	500
7550 · Communications	2,826	2,600	2,700	2,700
7555 · Bad Debts	1,200			
7560 · Insurance Expenses	2,825	3,200	3,000	3,000
7570 · Bank & Investment Expenses	382	400	400	400
7580 · Accreditations & Subscriptions	2,015	2,700	2,700	2,700
7590 · Website Expenses	9,538	4,000	4,000	4,000
7600 · Publications Expenses				
7610 · Newsletter/Publications Expenses	718	1,500	1,500	1,500
7620 · Member Directory	915	1,400	1,000	1,000
7630 · LAFCo Brochures	0	400	400	400
Total 7600 · Publications Expenses	1,634	3,300	2,900	2,900
7650 · Tax & Corp Filing Expense	100	125	125	125
Total 7500 · OPERATING EXPENSES	31,860	31,825	30,825	30,825
8000 · CONFERENCES				
8010 · General	122,487	153,949	153,949	153,949
8020 · Legal	2,839	4,500	4,500	4,500
Total 8000 · CONFERENCES	125,325	158,449	158,449	158,449
8100 - WORKSHOPS				
8110 · General	53,559	53,116	53,116	53,116
8120 · Legal	3,648	3,100	3,600	3,600
Total 8100 · WORKSHOPS	57,207	56,216	56,716	56,716
8200 · TRAINING - CALAFCO U				
8210 · General	0	0	0	0
Total 8200 · TRAINING - CALAFCO U	0	0	0	0
8300 · LEGISLATIVE SERVICES				
8320 · Legis Comm - General Exp	0	1,250	0	0
8330 · Legis - Bill Tracking Service	1,836	2,200	2,000	2,000
8340 · Legis - Legal Services	2,820	4,500	0	0
8350 · Legis - Lobbyist		10,000	40,000	40,000
Total 8300 · LEGISLATIVE SERVICES	4,656	17,950	42,000	42,000
8400 · RESEARCH & INFORMATION				
8410 · Best Practice/White Papers	0	3,000	3,000	3,000
Total 8400 · RESEARCH & INFORMATION	0	3,000	3,000	3,000
Subtotal Expenses	472,103	522,745	543,526	559,001
Budgeted Contingency	0	237,637	244,506	229,031
Total Expense	472,103	760,382	788,032	788,032
Transfer to Fund Reserve	0			
Additional Contingency from FY22-23 year end surplus				
Net Balance	196,834	0	0	0



BOARD OF DIRECTORS MEETING STAFF REPORT

Agenda Item No. 11

Item: RECEIVE AND FILE THE LEGISLATIVE COMMITTEE REPORT

Meeting Date: July 19, 2024

Submitted By: René LaRoche, Executive Director

RECOMMENDATION

Receive and File the Legislative Committee Report.

DISCUSSION

Since the last report, the Legislative Committee has held meetings on May 10, 2024, and June 14, 2024. (There was no April meeting due to the Staff Workshop.) Attached to this item are the adopted minutes for the May meeting, as well as the draft minutes for the June 14th meeting.

The major topic of business for the committee for most of this year has been the continued consideration of the 56133 legislative proposal. February and March discussions revolved around the legislative intent as captured in the legislative history, how that affects the viability of the bill, and whether an alternate amendment (such as a notification provision) might be a work around to address the underlying problem differently. To that end, the Committee considered draft notification language during the May meeting. Upon hearing that many LAFCOs already had working processes and policies in place to address the extension of services issue, the Committee requested copies of the policies and the item was tabled to June. By the June meeting, 19 local policies were received to further inform the consideration. After further discussion, and unable to develop a solution that worked for all members, the discussion was finally closed, and it was remanded back to the Board for reconsideration,

On the legislative front, the Committee heard about fast-moving changes on many bills including the CALAFCO sponsored bills, which have been making steady progress. **AB 3277** (regarding the analysis of Ad Valorem property taxes), was passed and signed by the Governor on July 2, 2024. That bill started as an Omnibus proposal and became a stand-alone bill when it was noted as not fitting Omnibus criteria. Many thanks to Joe Serrano (Santa Cruz) who started that process as our Omnibus coordinator, and special thanks to Paul Novak (Los Angeles) for the proposal.

Our other bill, **SB 1209** (Indemnification), has been a little more time intensive due to opposition from the California Building Industry Association (CBIA). CALAFCO staff and advocate worked with Paul Novak (Los Angeles), David Ruderman (Colantuono Highsmith and Whatley), and Steve Lucas (Butte) from March through June to negotiate compromise language. While the amended bill picked up additional opposition from the California Resource Conservation District Association, there was no further impact on the bill. It is now waiting for its Third Reading in the Assembly, after which it will need to return to the Senate for concurrence.

The committee also considered positions on **Initiative 1935**, named the Taxpayer Protection and Government Accountability Act, and **SCR 163**, a resolution by Senator Cortese to reaffirm LAFCO

authority. While the Initiative was awaiting decision from the Supreme Court, the Committee approved a recommended position of Oppose for use in a media campaign should it be needed. However, on June 20th, the Court issued an opinion which blocked the initiative from being added to the ballot; consequently, Board action is no longer necessary.

Regarding the second matter, the Committee unanimously approved a recommended position of support for Senator Cortese's resolution, SCR 163. Unfortunately, that resolution was heard in the Senate Local Government Committee on July 3rd, where it failed. While leave for reconsideration was granted, the Senator's staff advised on July 9, 2024, that, due to the amount of opposition, he will no longer be pursuing the resolution.

Finally, the annual Call for new Legislative Proposals was sent out on May 20, 2024, and resulted in three proposals which will now need to be vetted before continuing in the process.

Looking forward, the month of August promises to be chaotic as legislators (who are out on summer recess until August 5th) push to finalize bills ahead of the final deadline, which occurs on August 31st.

ATTACHMENTS

11.a - Approved Minutes of the May 10, 2024 Legislative Committee meeting.

11.b - Draft Minutes of the June 14, 2024 Legislative Committee meeting



**CALAFCO Legislative Committee
ACTION MEETING MINUTES**

Date:	May 10, 2024	
Location:	Held virtually	
Present:		
BOARD MEMBERS:		
<input checked="" type="checkbox"/> CONNELLY, Bill (N)	<input checked="" type="checkbox"/> MCGILL, Michael (Co)	<input checked="" type="checkbox"/> PAQUE, Anita (Ce)
<input checked="" type="checkbox"/> GUTIERREZ, Yxstian (S)	<input type="checkbox"/> MCGREGOR, Derek (S, Alt)	<input checked="" type="checkbox"/> ROOT ASKEW, Wendy (Co, Alt)
<input checked="" type="checkbox"/> JONES, Gay (Ce, Alt)	<input checked="" type="checkbox"/> MOHLER, Margie (A/L, Alt)	<input checked="" type="checkbox"/> SUSMAN, Josh (N, Alt)
		<input type="checkbox"/> WALLACE, Tamara (A/L, Alt)
STAFF APPOINTMENTS:		
<input checked="" type="checkbox"/> ALSOP, Clark	<input checked="" type="checkbox"/> LUCAS, Steve (No, Butte)	<input checked="" type="checkbox"/> ROMO, Adriana (So, L.A.)
<input type="checkbox"/> BELL, Gary	<input checked="" type="checkbox"/> LaROCHE, René	<input type="checkbox"/> SANTSCHE, Colette (No, Humboldt)
<input checked="" type="checkbox"/> BRAMFITT, Mark (Co, Sonoma)	<input type="checkbox"/> LUOMA, Kai (Co, Ventura)	<input type="checkbox"/> SERRANO, Joe (Co Alt, Santa Cruz)
<input checked="" type="checkbox"/> BROWNE, Scott	<input checked="" type="checkbox"/> LYTLE-PINHEY, Sara (Ce, Stan.)	<input checked="" type="checkbox"/> SPAUNHURST, Brian (Ce Alt, Fresno)
<input checked="" type="checkbox"/> de SOUSA, Paula	<input type="checkbox"/> McINTYRE, Michelle (Ce, Placer)	<input checked="" type="checkbox"/> STEPHENSON, Jennifer (No, Plumas)
<input checked="" type="checkbox"/> GRAF, Paula (So, Imperial)	<input checked="" type="checkbox"/> MUMPOWER, Priscilla (So, Alt, S.D.)	
ADVISORY COMMITTEE:		
<input checked="" type="checkbox"/> CRAIG, Crystal	<input type="checkbox"/> HIGHTOWER, J.D.	<input type="checkbox"/> BRAVO, Tara
<input type="checkbox"/> CRAWFORD, Christine	<input checked="" type="checkbox"/> SANCHEZ, Erica	<input checked="" type="checkbox"/> FENDER, Brandon
<input checked="" type="checkbox"/> FITZROY, Rob	<input checked="" type="checkbox"/> TAPIA, Luis	<input type="checkbox"/> SIMON, Jim
GUESTS:	Jonathan Brinkmann (Monterey), Carolanne Ieromnimon (RSG), Dawn Mittleman (Napa), Mike Prater (Santa Barbara)	
RECORDER:	René LaRoche	

1. Welcome, Roll Call

9:03 AM: The meeting was called to order by René LaRoche after the quorum was established.

2. Approval of the Minutes of the March 22, 2024 meeting

The minutes were unanimously approved as presented upon motion of Mike McGill, with a second by Margie Mohler, and with Bill Connelly abstaining.

3. Receive an Update Regarding CALAFCO Legislative Proposals

LaRoche gave the staff reports.

3. Tabled Discussion Regarding 56133 Proposal

LaRoche provided a brief review of past events and reminded that the committee had requested the return of some alternative notification language. Steve Lucas, Butte LAFCO, gave the report regarding the draft notification language. Discussion ensued regarding the merits of a notification provision and whether proceeding strictly via local policy would be the better solution. The committee requested that copies of local policies be collected and interest in determining what LAFCOs think about 56133. The Chair noted that the previous survey should contain the requested information.

4. Receive the List of Tracked Bills

LaRoche gave the report.

5. Items for next meeting

No new items were offered.

6. Good of the Order

LaRoche advised that the Call for 2025 Legislative Proposals was currently being prepared and would be going out soon.

7. Adjournment to June 14, 2024, meeting at 9:00 a.m. – to be held virtually

10:00 AM: Chair LaRoche adjourned the meeting.

California Association of
Local Agency Formation Commissions



CALAFCO Legislative Committee
DRAFT ACTION MEETING MINUTES

Date:	June 14, 2024	
Location:	Held virtually	
Present:		
BOARD MEMBERS:		
<input checked="" type="checkbox"/> CONNELLY, Bill (N)	<input checked="" type="checkbox"/> MCGILL, Michael (Co)	<input type="checkbox"/> PAQUE, Anita (Ce)
<input type="checkbox"/> GUTIERREZ, Yxstian (S)	<input checked="" type="checkbox"/> MCGREGOR, Derek (S, Alt)	<input checked="" type="checkbox"/> ROOT ASKEW, Wendy (Co, Alt)
<input checked="" type="checkbox"/> JONES, Gay (Ce, Alt)	<input checked="" type="checkbox"/> MOHLER, Margie (A/L, Alt)	<input checked="" type="checkbox"/> SUSMAN, Josh (N, Alt)
		<input type="checkbox"/> WALLACE, Tamara (A/L, Alt)
STAFF APPOINTMENTS:		
<input checked="" type="checkbox"/> ALSOP, Clark	<input checked="" type="checkbox"/> LUCAS, Steve (No, Butte)	<input checked="" type="checkbox"/> ROMO, Adriana (So, L.A.)
<input type="checkbox"/> BELL, Gary	<input checked="" type="checkbox"/> LaROCHE, René	<input type="checkbox"/> SANTSCHE, Colette (No, Humboldt)
<input checked="" type="checkbox"/> BRAMFITT, Mark (Co, Sonoma)	<input checked="" type="checkbox"/> LUOMA, Kai (Co, Ventura)	<input checked="" type="checkbox"/> SERRANO, Joe (Co Alt, Santa Cruz)
<input checked="" type="checkbox"/> BROWNE, Scott	<input checked="" type="checkbox"/> LYTLE-PINHEY, Sara (Ce, Stan.)	<input checked="" type="checkbox"/> SPAUNHURST, Brian (Ce Alt, Fresno)
<input checked="" type="checkbox"/> de SOUSA, Paula	<input type="checkbox"/> McINTYRE, Michelle (Ce, Placer)	<input checked="" type="checkbox"/> STEPHENSON, Jennifer (No, Plumas)
<input checked="" type="checkbox"/> GRAF, Paula (So, Imperial)	<input type="checkbox"/> MUMPOWER, Priscilla (So, Alt, S.D.)	
ADVISORY COMMITTEE:		
<input checked="" type="checkbox"/> CRAIG, Crystal	<input checked="" type="checkbox"/> HIGHTOWER, J.D.	<input type="checkbox"/> BRAVO, Tara
<input type="checkbox"/> CRAWFORD, Christine	<input checked="" type="checkbox"/> SANCHEZ, Erica	<input checked="" type="checkbox"/> FENDER, Brandon
<input checked="" type="checkbox"/> FITZROY, Rob	<input checked="" type="checkbox"/> TAPIA, Luis	<input type="checkbox"/> SIMON, Jim
GUESTS:	Carolanne Ieromnimon (RSG), Dawn Mittleman (Napa), Paul Novak (Los Angeles), Mike Prater (Santa Barbara), and Gary Thompson (Riverside)	
RECORDER:	René LaRoche	

1. Welcome, Roll Call

9:02 AM: The meeting was called to order by René LaRoche after the quorum was established.

2. Approval of the Minutes of the May 10, 2024 meeting

The minutes were unanimously approved as presented upon motion of Margie Mohler, with a second by Mike McGill.

3. Consider an Oppose Position on Initiative 1935, the Taxpayer Protection and Government Accountability Act.

LaRoche gave the staff report. Under motion of Bill Connelly, with a second by Gay Jones, the committee unanimously approved an Oppose position for recommendation to the Board.

4. Legislation Affecting LAFCOs

LaRoche gave the staff reports, and noted receipt of RN 24 14705, a proposed bill that would reaffirm LAFCO authority, which is being proposed by Senator Cortese. A Support position was unanimously approved for recommendation to the Board under motion of Margie Mohler, with a second by Gay Jones.

Regarding AB 2661, and under motion of Margie Mohler, with a second by Steve Lucas, the committee unanimously approved a position of Support, if Amended to include reference that LAFCO is required to review.

5. Tabled Discussion Regarding 56133 Proposal

LaRoche gave an overview of the previous topics discussed and advised that some of the new information is different than what the Board was told when they first considered the 56133 proposal and that she would be scheduling a discussion for them during their July meeting to reconsider it with the new circumstances. Discussion ensued regarding revisiting the Noticing provision, and Scott Browne agreed to draft some language, however, Ventura noted that such a provision would not work for them and, if the original proposal could not be pursued, they would rather have nothing. Steve Lucas suggested seeking a change to Cortese's proposed bill, which was considered earlier in the meeting. The Chair requested that the language be supplied.

6. Receive the List of Tracked Bills

LaRoche gave the report.

7. Items for next meeting

No new items were offered.

8. Good of the Order

None.

9. Adjournment to July 12, 2024, meeting at 9:00 a.m. – to be held virtually

10:32 AM: Chair LaRoche adjourned the meeting.

BOARD OF DIRECTORS MEETING STAFF REPORT

Agenda Item No. 13

Item: EXECUTIVE DIRECTOR'S REPORT

Meeting Date: July 19, 2024

Submitted By: René LaRoche, Executive Director

RECOMMENDATION

1. Receive and File the Executive Director's Report

DISCUSSION

The past quarter has been filled with work on the Staff Workshop (full report earlier on the Consent agenda), a great deal of legislation and legislative outreach, Ad Hoc Modernization Committee meetings, and annual conference planning.

Legislative Efforts and Outreach

The legislative front has been especially busy, Some of that is the normal chaotic pace as the amount of time left to move a bill ticks away, and some because we have sponsored two bills this year. CALAFCO sponsored bills, AB 3277 (Ad Valorem Property Tax Determination) and SB 1209 (Indemnification) have been moving through the process.

Seen as a minor change, AB 3277 went through with relative ease and was signed by the governor on July 2, 2024. A common-sense bill, AB 3277 removes unnecessary work for LAFCOs who will no longer need to perform an analysis when a special district is waiving any portion of the ad valorem property taxes. Many thanks to Joe Serrano, who shepherded what started as an Omnibus proposal, and ended up becoming stand-alone legislation!

SB 1209, regarding the use of indemnification, met with unexpected resistance (see the Legislative Committee report) despite the extensive stakeholder engagement that was performed in 2023. That resulted in a series of meetings over several months to negotiate changes to the bill. While the compromise did not yield everything that we wanted going into the process, we were able to get enough to make the effort worthwhile to LAFCOs. Thanks must go out to Jean Hurst, of Hurst Brooks and Espinosa, whose guidance and expertise was invaluable; and special thanks to Paul Novak (Los Angeles LAFCO), David Ruderman (Colantuono Highsmith and Whatley), Steve Lucas (Butte LAFCO), and attorney Scott Browne for their work on this bill from conception to completion.

CALAFCO also engaged in Capitol outreach, which included a meeting with Board Chair Mohler and Senator Maria Elena Durazo, the new Chair of the Senate Local Government Committee, on May 13th; presenting at Capitol Conversations during CSDA's Legislative Days to educate about what CALAFCO and LAFCOs do; attending the CSDA Legislative Days reception; meeting with a CSDA rep; and multiple telephone calls and emails with various agencies and entities regarding Initiative 1935 (the Taxpayer Protection and Government Transparency Act).

Lastly, the Call for Legislative Proposals went out on May 20, 2024, with a deadline of July 1st. Three proposals have been received, but only one meets Omnibus criteria; however, all three will be moved through to the next stage of vetting.

Ad Hoc Modernization Committee

The Ad Hoc Modernization Committee continues to be very busy and productive as they meet twice per month to consider all facets of CALAFCO's structure and operations. As the earlier agenda item shows, they are starting to make some significant headway on their task to identify actions that make CALAFCO more sustainable, and our legislative efforts more effective.

Again, my sincere thanks to committee members Acquanetta Warren, Gordon Mangel, and Tamara Wallace for the knowledge and insight they have brought to the process, and special thanks to Margie Mohler for her excellent leadership keeping the committee focused and moving forward!

Annual Conference

Planning for the annual conference began in January, when we began outreaching to Mariposa and Madera counties regarding the Mobile Workshop (MWS). MWS details were finalized mid-June and the workshop will be traveling into Yosemite National Park to learn about collaborations between the county, the federal government, and special districts to provide services within the park. (See the Conference Report on the Consent agenda.) This promises to be not just informative, but also beautiful as the park should be displaying its fall colors then.

On the program side of things, many thanks must go out to Jose' Henriquez, Sacramento LAFCO, who is again spearheading the conference program planning committee. Topics have been fleshed out and a broad variety of sessions are now under development.

Conference registration was opened on June 27th for those LAFCOs wishing to apply the conference expense to FY 23-24. Within the first week, we had 49 registrations through the website, and check registrations are just now beginning to trickle in.

We also sent our Sponsorship packet out in June, which is a little earlier than normal, and that has already resulted in the receipt of three sponsorships. Many thanks to BBK for becoming our Premier Sponsor, RSG for becoming an Innovation Sponsor, and Colantuono Highsmith and Whatley for their Horizon sponsorship.

AFT Grant Application

The Board may remember ratifying a letter of support, at the April meeting, for an American Farmland Trust (AFT) application seeking a grant from the Department of Conservation's Climate Smart Land Management Program. In that grant application, CALAFCO would have been named as a sub-recipient to defray the costs of providing training sessions regarding planning tools to help preserve agricultural land and/or provide other benefits such as wildlife habitat, groundwater recharge potential, flood control, wildfire buffers, etc. Unfortunately, the application failed and the grant was not awarded, but AFT representatives have stated that they are planning on trying again next grant cycle.

Software Development Project

During the last quarter, I was also contacted by Assura Software (one of our Associate Members) who is currently developing custom software for San Diego LAFCO to assist with all of the business

flows that come with processing CKH applications. Assura is investigating the possibility of developing a similar type of service, but on a baseline level, that could be especially useful for smaller LAFCOs who often have staffing issues. A call for volunteers was issued, and several LAFCO EOs and staff members are now working with Assura on that development and I am looking forward to seeing the outcome.

Other

The new website continues to prove its value. We used the Staff Workshop as the test run for event registrations and it worked extremely well, and elicited many positive comments. It is now set up and handling conference registrations as well. We also sent out our first digital newsletter through the new website on May 28, 2024. A valuable communication tool, it not only emails the newsletters to members, but also posts them to the website at the same time which is a great efficiency boost. We're also now beginning the process of building out the Forms library on the website. Many thanks to Joe Serrano who helped design the archive hierarchy.

In addition to the normal conference planning currently underway, work has also begun on the Annual Report to the Members, and The Sphere. Content for The Sphere is now being invited, with a submission deadline of August 31, 2024.

Announcements and Deadline Reminders

- **JULY 31ST - Early Bird** discounts for Conference registrations end.
- **AUGUST 31ST - Board Elections** Nominations due. Nominations should be sent to rlaroche@calafco.org

As a reminder, the following Board members are up for re-election this year and need to submit their paperwork before the deadline:

- *Rodrigo Espinosa (County, Central);*
 - *Blake Inscore (City, Northern);*
 - *Gay Jones (District, Central);*
 - *Mike McGill (District, Coastal);*
 - *Derek McGregor (Public, Southern);*
 - *Wendy Root Askew (County, Coastal);*
 - *Josh Susman (Public, Northern); and*
 - *Acquanetta Warren (City, Southern).*
- **AUGUST 31st - Achievement Awards** Nomination deadline. Nominations should be sent to Steve Lucas at slucas@buttecounty.net

ATTACHMENTS:

None.

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BOARD OF DIRECTORS MEETING STAFF REPORT

Agenda Item No. 8

Item:	REALIGN CALAFCO'S LEGISLATIVE MODEL
Meeting Date:	July 19, 2024
Submitted By:	Rene' LaRoche, Executive Director, on behalf of Margie Mohler, CALAFCO Board Chair and Ad Hoc Modernization Committee Chair

RECOMMENDATION

Consider Ad Hoc Modernization Committee Recommendation to Rescind and Replace Policy 4.5 to realign CALAFCO's Legislative Model to a Legislative Policy Committee structure similar to one used by the California State Association of Counties (CSAC); appoint Anita Paque, Mike McGill, Bill Connelly, and Yxstian Gutierrez as Legislative Policy Committee members with a term running through December 31, 2025; Adopt a CALAFCO Legislative Platform; and Approve an Agreement for Advocacy Services with Hurst, Brooks, and Espinosa..

DISCUSSION

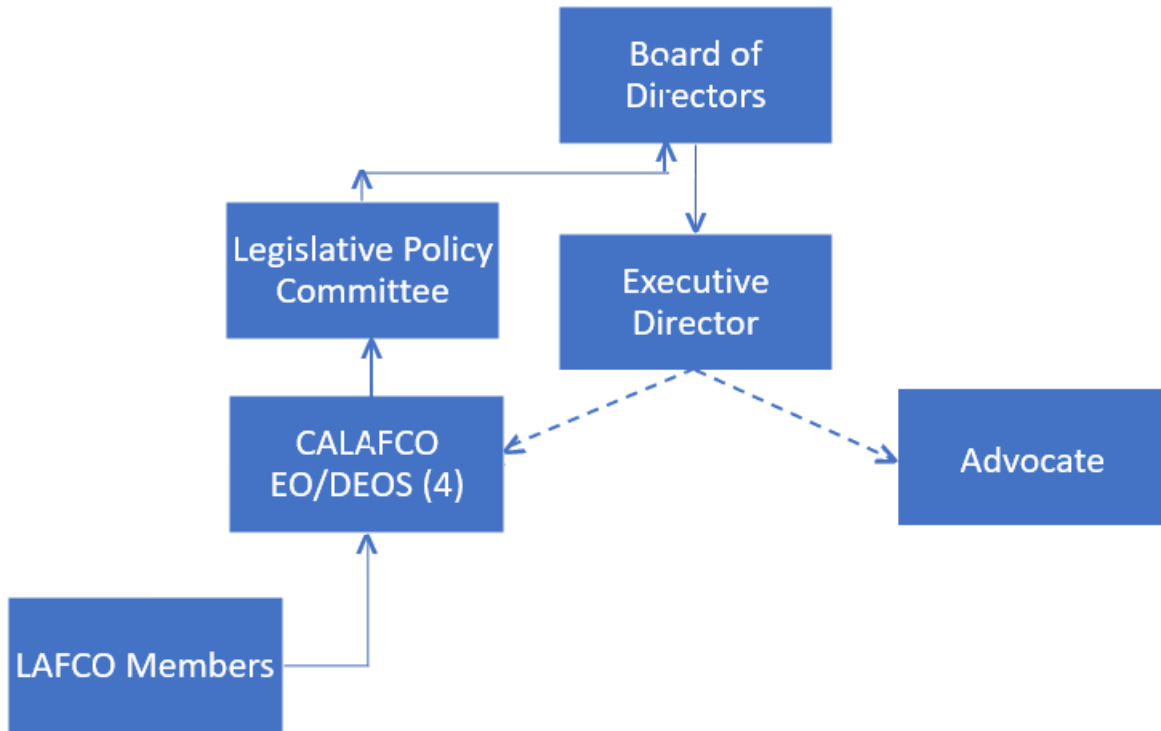
The 2023-2027 CALAFCO Strategic Plan defines the two overarching goals for the Association to work towards as being **increasing organizational sustainability**, and **increasing political effectiveness**. To identify ways to meet those goals, the Plan also called for the formation of an Ad Hoc Committee, which occurred on January 5, 2024. Since then, the Ad Hoc Modernization Committee ("AHMC"), composed of Margie Mohler, Acquanetta Warren, Gordon Mangel, and Tamara Wallace, has met semimonthly to consider various aspects of the Association's structure.

In considering CALAFCO's political effectiveness, the AHMC began its contemplation with the plan's last suggested action item of creating a new position to act as an in-house advocate. To establish cost for such a position, a salary study was conducted in the State of California, and in the region around Sacramento. Given the level of responsibility and autonomy that would come with a single advocate position (meaning no policy directors providing direction or guardrails), the AHMC determined that to be competitive, the salary would need to be approximately \$225,000 per year. To fund such a salary using member dues (the only ongoing source of revenue that the Association has) would require an 82% increase in dues rates. However, adding in a benefit stipend and other payroll costs and insurance, new technology, and other adjustments would require dues to be more than doubled.

Given the unlikelihood of Members agreeing to such a steep dues increase in the near future, and given that developing other revenues may be a long-term endeavor, the AHMC turned its focus to solutions that could be implemented in the shorter term. Thus, the next step was gauging the strengths and weaknesses of our current legislative structure with the goal of maintaining the good points (noted primarily as regional input, as well as the knowledge, experience, and expertise of LAFCO EOs and staff), while addressing the weaknesses (i.e., excessive time commitment for committee members, unproductive meetings, and lack of agility relative to fast-moving legislation.) Additionally, the AHMC also sought to address member concerns regarding the makeup of the Legislative Committee and confidentiality of discussions and negotiations.

In the end, the AHMC developed a hybrid of CSAC’s Policy Committee structure, which allows for the creation of a Legislative Platform to inform and authorize advocacy. It also maintains the regional input and staff expertise that we currently enjoy, while addressing member concerns.

The following Flow Chart illustrates the new process, and is followed by an overview of the changes from our current legislative model.



1. LAFCO Members submit proposals for legislation or Legislative Platform changes to CALAFCO EO.
2. CALAFCO EO/DEOs vet submissions for accuracy, conformance to any criteria, availability of supporting data, and statewide impact. Final approvals (requires a unanimous vote) are recommended to the Legislative Policy Committee, and accompanied by a report of any denials.
3. Legislative Policy Committee (comprised of one Board member from each region and CALAFCO E.D.) meet once per year to consider vetted proposals.
 - a. Meeting Agendas and Agenda packets are prepared by, or under the direction of, the CALAFCO EO.
 - b. Approved proposals/Platform changes (requires unanimous vote of the Committee’s Board members) are recommended to the Board
4. Board considers the proposals at a regular Board meeting.
 - a. Approvals are communicated to Advocate by the E.D.
5. Advocate is managed/directed by the E.D.
6. CALAFCO EO/DEOs provide background and expertise to Advocate, as needed and requested by E.D.
 - a. May need to provide expert testimony, or arrange for same.

CHANGES:

- Shifts legislative efforts away from current committee model to professional advocacy driven by a Legislative Platform similar to what CSAC and many local governments do.
 - Continues to seek legislative proposals, feedback, and expertise from members through CALAFCO regional officers, but Legislative Platform is developed for recommendation to the Board by a Policy Committee that meets once per year and is composed of 4 Board members and the Executive Director (E.D.) with input invited by, and received through, the Regional Officer serving as the CALAFCO Executive

Officer.

- More reliance on CALAFCO regional officers
 - Shifts member outreach from E.D. to CALAFCO regional officers.
 - More agile – regional officers can call regional meetings quickly and as needed.
 - CALAFCO EO invites proposals from membership annually. (However, the 2024 Call for proposals has already gone out.)
 - CALAFCO regional officers vet proposals for recommendation to Policy Committee.
 - Provide, or arrange for, assistance & expertise for the Advocate, upon E.D. request
- Policy Committee considers which of the vetted proposals to recommend to the Board.
- The Board makes the final determination of which recommended proposals to pursue.

BENEFITS

- Provides a year-round CALAFCO presence in all Capitol conversations.
- Allows legislative positions to be taken immediately, when there is more opportunity to affect a change.
- Leverages professional Advocate's reputation and existing network and connections on behalf of CALAFCO.
- Maintains legislative efforts under the direction of the Executive Director, yet frees approximately 200 hours of E.D. time previously spent in preparation of Legislative Committee agenda packets, meeting time, creating minutes, letter writing, and lobbying.
- Maintains regional and LAFCO input, feedback, and expertise through the CALAFCO regional officers, thus, opening the conversations to any regional staff members rather than just committee members as with current structure.
- Protects confidentiality of legislative strategies, discussions, and negotiations.
- Sets up an infrastructure that has stood the test of time for CSAC, and can be pivoted for use with an in-house advocate should one later be hired.
- Increases Association sustainability.
 - Provides multiple people to address legislation.
 - Addresses volunteer burnout by reducing the number of volunteers required for CALAFCO to function.
 - Narrows the knowledge, skills, and abilities required for the E.D. position, which should broaden the applicant pool during the next E.D. recruitment.

FINANCIALS

- \$40,000 per year expense for contract with Hurst Brooks and Espinosa.
 - Net increase to budget of \$24,750 after existing legislative fund lines are reallocated. (A separate item to adjust the budget to reallocate funds can be found later in this meeting.)
- Does not threaten nonprofit status as \$40,000 expense is well under the I.R.S. lobbying cap. (The cap is a percentage of exempt purpose expenditures, and amounts to \$89,977 this year.)
- However, does not fund major efforts requiring extraordinary lobbying – as would be required for significant legislative changes.

REVIEWS AND FEEDBACK

Pursuant to CALAFCO policies, this recommended policy change was reviewed by the CALAFCO Executive Committee on June 19, 2024, and approved for recommendation to the full Board.

The Ad Hoc Modernization Committee also invited other reviews during the policy development process. One written comment was received from long-time EO S.R. Jones (Attachment D), who has the distinction of also having served as the CALAFCO Executive Director, and who helped the Association incorporate into its present form.

Finally, the draft agreement with Hurst, Brooks, and Espinosa has been reviewed and approved by counsel.

RECOMMENDATION:

With the new two-year legislative cycle set to begin in January, 2025, and given that staff Legislative Committee appointments normally occur in October, the AHMC is recommending that the Board rescind and replace CALAFCO Policy 4.5 (Attachment A); appoint Anita Paque, Mike McGill, Bill Connelly, and Yxstian Gutierrez as Legislative Policy Committee members with terms running to December 31, 2025; Adopt a CALAFCO Legislative Platform (Attachment B) for use beginning with the 2025-2026 legislative cycle; and Approve an Agreement for Advocacy Services with Hurst, Brooks, and Espinosa (Attachment C) in the amount of \$40,000 per year, and authorize the Executive Director to sign the Agreement.

ATTACHMENTS

- A. Draft Policy 4.5 to create the Legislative Policy Committee/Legislative Platform process
- B. Draft Legislative Platform
- C. Hurst, Brooks, and Espinosa Agreement
- D. S.R. Jones Comments

LEGISLATIVE POLICY COMMITTEE POLICY

DEFINITIONS:¹

Priority 1: Bills of major importance with a direct, significant impact on CALAFCO or its members statewide, or which set a policy precedent that impacts the mission and effectiveness of LAFCOs statewide. These bills receive primary attention and comprehensive advocacy.

Response types: Highest Level. Position letters and testimony in policy committees, direct communications with legislators, grassroots mobilization of members and any combination of effort. This level requires the highest resource commitment.

Priority 2: Bills with a direct impact on CALAFCO or its members statewide, or which may set a policy precedent, or have an impact relevant to the mission of CALAFCO or its member LAFCOs and have a major effect to a CALAFCO member or group of members or constituents.

Response types: Position letters and testimony in policy committees, as time permits or upon request of the author or sponsor.

Priority 3: Bills of interest to CALAFCO or members, which may have a substantive effect but are deemed to be of a lower priority as to time and effort resources for advocacy. If requested by a CALAFCO member or stakeholder and approved by the Board, CALAFCO will send a position letter but will not testify unless unusual circumstances arise and if time allows, so as to not conflict with other higher priorities.

Response types: Minimal resources, usually limited to Position letter.

LEGISLATIVE POLICY COMMITTEE POLICY

PURPOSE:

To consider for recommendation to the Board, vetted legislative proposals and proposed changes to a Two-Year Legislative Platform.

COMPOSITION:

The Legislative Policy Committee shall be comprised of one Board member from each region, and the Executive Director.

At committee formation, the four regional Board representatives named to the Legislative Committee will be transitioned to the new Policy Committee. Those Board members are: Bill Connelly, Northern; Anita Paque, Central; Mike McGill, Coastal; and Yxstian Gutierrez Southern. These initial appointees will serve through the end of 2025.

Commencing in January, 2026, Board member appointments or reappointments to the Policy Committee will be considered at the beginning of each year with the regular Board committee

¹ Derived from existing CALAFCO Legislative Guidelines, last updated October 22, 2021.

appointments, as recommended by the Executive Committee.

OPERATION:

The Policy Committee shall consider vetted legislative proposals annually, and the Association's Legislative Platform biennially.

- *The Legislative Platform shall be approved at the end of even years for use with the next two-year legislative cycle which commences in odd years.*
- By June 1st of each year the Regional Officer serving as the CALAFCO EO shall invite, from among all members, proposals for new legislation or changes to the Legislative Platform.
- All proposals shall be vetted by the CALAFCO EO and three Deputy EOs for applicability, conformance to any criteria², statewide impact, and adherence to the Legislative Platform. Proposals must be unanimously approved to move forward to the Policy Committee. Those proposals that are approved, shall be transmitted to the Policy Committee by the CALAFCO EO no later than September 15th. The Policy Committee shall also be provided with a report outlining any declined proposals and the reason they were declined.
 - *Submitters of declined proposals shall be advised by the CALAFCO EO of the proposal's status and the reasons for the determination.*
- The CALAFCO EO shall call a meeting of the Policy Committee, to be held no later than the month of November, for the purpose of formally considering the recommended proposals.
 - *Meeting Agendas and Agenda packets shall be prepared by, or under the direction of, the CALAFCO EO and transmitted to the Policy Committee members at least two weeks prior to the meeting.*
 - *During the Policy Committee meeting, the CALAFCO EO shall provide an overview of each proposal, and why it is being recommended to the Committee.*
- The Committee shall consider each proposal, as well as the Association's Two-Year Legislative Platform, for recommendation to the full CALAFCO Board of Directors (BOD).
 - *Approval of proposals or platform changes requires a unanimous vote of the Committee's four Board members.*
 - *For any proposals that are declined, the CALAFCO EO shall advise the submitter of the proposal's status and the reasons for the determination.*
- There are no appeals from either determination above; however, submitters are not precluded from resubmitting their proposals in a following year.

² Omnibus bills must be *non-controversial in nature, meaning that they are grammatical corrections, minor non-substantive changes, or technical corrections that have no foreseeable opposition.*

BOARD APPROVAL

- The Executive Director shall present the recommended Two-Year Legislative Platform, as well as any Legislative Proposals approved by the Policy Committee, to the BOD at their next regularly scheduled meeting for full consideration.
 - *Board consideration of legislative proposals shall include a full discussion and deliberation of adherence to criteria, Association-wide need, potential effects, and financial guidelines.*
 - *The CALAFCO EO shall provide background information and expertise regarding each proposal, as needed.*
- Approval of proposals or platform changes requires a Supermajority of all Board members (11).
- An approved Legislative Platform will remain in effect until such time as a new one is approved by the Board under the above procedures.

ADVOCACY:

- The Executive Director shall transmit the approved Platform and legislative proposals to the Advocate.
- The Advocate is authorized to take a Priority 2 or 3 position on behalf of the Association for matters falling under the Legislative Platform.
 - *Ambiguities regarding application of the Legislative Platform will be discussed with the Executive Director prior to taking a position.*
- Priority 1 positions are approved exclusively by the CALAFCO Board of Directors.
 - *The Executive Director shall bring requests for sponsored bills or other Priority 1 positions, as well as deficiencies or ambiguities in the Legislative Platform, to the full Board for consideration, correction, and/or approval.*
- Through the Executive Director, the Advocate may seek expertise and support from the CALAFCO Executive Officer or Deputy Executive Officers to assist with particular bills.
 - *Such support may include attending meetings or testifying at legislative meetings.*
- The Advocate shall supply regular written reports to the Board through the Executive Director.
- The Executive Director shall be responsible for monitoring the Advocate's performance, and providing direction and guidance.
- Any legislation that causes a conflict of interest for the Advocate, shall be reported to the Executive Director and addressed by a second Advocate from another firm.



LEGISLATIVE PLATFORM

Adopted by the CALAFCO Board of Directors on TBD

1. LAFCO Purpose and Authority

- 1.1. Support legislation that enhances the authority of LAFCOs to carry out their duties under Government Code §56000 et seq. Oppose legislation that diminishes LAFCO authority.
- 1.2. Support authority for each LAFCO to establish local policies and practices to apply Government Code §56000 et seq. based on local needs and conditions. Oppose limitations to that authority.
- 1.3. Oppose the imposition of additional LAFCO responsibilities that require increased local funding. Oppose the imposition of unrelated responsibilities that dilute the ability of LAFCOs to meet their primary mission. Support increased funding for LAFCO responsibilities.
- 1.4. Support policies that align the responsibilities and authority of LAFCOs and regional agencies that have overlapping responsibilities to promote orderly development, discourage urban sprawl, preserve open space and prime agricultural lands, efficiently extend municipal service delivery, and provide housing for persons and families of all incomes. Oppose legislation or policies that create conflicts between LAFCOs and regional agencies.
- 1.5. Oppose policies that grant special status to any individual agency or proposal in a manner that circumvents or unbalances the LAFCO process.
- 1.6. Support policies that encourage individual commissioners to independently vote their conscience on issues affecting their own jurisdiction.

2. LAFCO Organization

- 2.1. Support policies that provide LAFCO independence from local agencies.
- 2.2. Oppose the re-composition of any LAFCO to create special seats. Support policies that recognize the importance of and ensure balanced representation by cities, the county, special districts, and the public.
- 2.3. Support representation of independent special districts on all LAFCOs in counties with independent districts and oppose removal of special districts from any LAFCO.
- 2.4. Support collaborative decision-making among neighboring LAFCOs when growth pressures and multicounty agencies extend beyond an individual LAFCO's boundaries.

3. Agricultural and Open Space Protection

- 3.1. Support legislation that enhances LAFCO authority or gives LAFCO tools—including the Williamson Act—to identify, encourage, and ensure the preservation of open space and prime agricultural lands in a manner that appropriately balances those interests with orderly development, discouraging urban sprawl, efficient extension of government services, and housing for persons and families of all incomes.

- 3.2. Encourage a consistent definition of open space and prime agricultural lands.
- 3.3. Support policies that enhance LAFCO authority to encourage cities, counties and special districts to preserve open space and prime agricultural lands in a manner that appropriately balances those interests with orderly development, discouraging urban sprawl, efficient extension of government services, and providing housing for persons and families of all incomes.

4. Orderly Growth

- 4.1. Support the recognition and use of spheres of influence as a planning tool guiding growth and development, the preservation of open space and prime agricultural lands, discouraging urban sprawl, the efficient use extension of government services, and providing housing to persons and families of all incomes.
- 4.2. Support policies requiring other agencies involved in determining and developing long-term growth and infrastructure plans to recognize LAFCO spheres of influence.
- 4.3. Support policies that promote orderly boundaries of local agencies and the elimination of islands within the sphere of influence and boundaries of cities and special districts.
- 4.4. Support policies that promote communication among cities, counties, special districts, stakeholders, and other affected parties through a collaborative process that resolves service, infrastructure, housing, land use, and fiscal issues prior to application to LAFCO.
- 4.5. Support policies that promote or require cooperation between counties and cities on decisions related to development within a city's sphere of influence.
- 4.6. Support policies that promote or require cooperation between cities and special districts on decisions related to development within city and district spheres of influence that overlap.
- 4.7. Support policies that allow the consideration of natural disasters and disaster preparedness when considering development and service delivery issues.

5. Service Delivery and Local Agency Effectiveness

- 5.1. Support LAFCO review of regional transportation plans, sustainable communities strategies, and other growth plans to ensure consistency with LAFCO decisions about orderly development, discouraging urban sprawl, preserving open space and prime agricultural lands, efficient extension of government services, and providing housing for persons and families of all incomes.
- 5.2. Support LAFCO authority as the preferred method for addressing efficient and effective governance matters at the local level. Support the availability of LAFCO tools that provide options for local governance and efficient service delivery, including the authority to impose conditions that assure a proposal's conformity with LAFCO's legislative mandates.
- 5.3. Support a deliberative and open process for the creation or reorganization of local governments that evaluates the proposed new or successor agency's long-term financial viability, governance structure, ability to efficiently deliver proposed services, and ability to provide housing for persons and families of all incomes.
- 5.4. Support legislation and collaborative efforts among agencies and LAFCOs that encourage opportunities for sharing services, staff, and facilities to provide more efficient and cost-effective services.

Legislative Priorities

Primary Issues

Authority of LAFCO

Support legislation that maintains or enhances LAFCO's authority to condition proposals in order to address any or all financial, growth, service delivery, and agricultural and open space preservation issues. Support legislation that maintains or enhances LAFCO's ability to make decisions regarding boundaries and formations, and to enact recommendations related to the delivery of services and the agencies providing them, including changes of organization and reorganizations.

Agriculture and Open Space Protection

Support policies, programs and legislation that recognize LAFCO's mission to protect and mitigate the loss of all types of agricultural lands, including prime agricultural lands and open space lands and that encourage other agencies to coordinate with local LAFCOs on land preservation and orderly growth. Support efforts that encourage the creation of habitat conservation plans.

Water Availability

Support policies, programs and legislation that promote an integrated approach to water availability and management. Promote adequate water supplies and infrastructure planning for current and planned growth and disadvantaged communities, and that support the sustainability of all types of agricultural lands, including prime agricultural lands and open space lands. Support policies that assist LAFCO in obtaining accurate and reliable water supply information in order to evaluate current and cumulative water demands for service expansions and boundary changes. Such policies should include the impacts of expanding water company service areas on orderly growth, and the impacts of consolidation or dissolution of water companies providing services.

Viability of Local Services

Support policies, programs and legislation that maintain or enhance LAFCO's ability to review and act to determine the efficient and sustainable delivery of local services and the financial viability of agencies providing those services to meet current and future needs including those identified in regional planning efforts such as sustainable communities strategies. Support legislation that provides LAFCO and local communities with options for local governance that ensures efficient, effective, and quality service delivery. Support efforts that provide tools to local agencies to address aging infrastructure, fiscal challenges, declining levels of services, and inadequate services to disadvantaged communities.

Issues of Interest

Housing

Provision of territory and services to support housing plans consistent with State affordable housing mandates, regional land use plans and local LAFCO policies.

Transportation

Effects of Regional Transportation Plans and expansion of transportation systems on future urban growth and service delivery needs, and the ability of local agencies to provide those services.

Flood Control

The ability and effectiveness of local agencies to maintain and improve levees and protect current infrastructure. Carefully consider the value of uninhabited territory, and the impact to public safety of proposed annexation to urban areas of uninhabited territory at risk of flooding. Support legislation that includes assessment of agency viability in decisions involving new funds for levee repair and maintenance. Support efforts that encourage the creation of habitat conservation plans.

Adequate Municipal Services In Inhabited Territory

Consistency of expedited processes for inhabited annexations with LAFCO law that include fiscal viability. Promote environmental justice for underserved inhabited communities, funding sources should be identified for extension of municipal services, including options for annexation of contiguous disadvantaged unincorporated communities. Support policies, programs, and legislation that would provide adequate municipal services to disadvantaged communities. Promote the delivery of adequate, sustainable, efficient, and effective levels of municipal services through periodic updates and reviews of Municipal Service Reviews, Spheres of Influence, and related studies prepared by LAFCOs.

Climate Adaptation

The ability and effectiveness of local agencies to proactively and effectively address issues that impact municipal service infrastructure and service delivery that include sea level rise, sand erosion, and levee protection. Adequate resources for local agencies to prepare for and appropriately respond to extreme disasters related to climate change. Ensure local agencies are considering climate resiliency when considering future development.

OVERVIEW

What the Proposal Does

Reduces the number of meetings that a Director may miss before being removed from their position from the current 3 absences (9 months of quarterly meetings) to 2 unexcused absences (6 months of quarterly meetings.)

The Question Before Each Member LAFCo

The Board of Directors is asking the Member LAFCOs to approve a reduction in the number of meetings that a Director may miss before being removed from the CALAFCO Board of Directors.

Each Member has the opportunity to vote on the change to the Bylaws to enact the recommendation.

The Board has already approved the necessary policy changes required, pending Member approval of the Bylaw amendments.

Cost to Members

None. This attendance change has no effect on costs.

What Happens Next

Assuming a majority of the members voting approve the Bylaw change, the new attendance criteria will take effect immediately upon approval so as to be in place when the new Board is seated on October 18, 2024.

The Board of Director's Recommendation

The Board unanimously recommends a **YES** vote.

PROPOSAL TO THE MEMBERSHIP

CALAFCO Board of Directors Attendance Change

The CALAFCO Board of Directors is recommending approval of an Association Bylaws amendment that would reduce the number of Board meetings that a director could miss before being removed from their position from three to two absences. Given the Board's quarterly meeting schedule, this reduces the timeframe from nine months of missed meetings, to six months of missed meetings. October.

Background

The CALAFCO Board of Directors is composed of sixteen members who are elected to staggered two-year terms. To address Association business, the Board holds quarterly meetings, generally in the months of January, April, July, and October. Director attendance at quarterly meetings is critical given how few meetings the Board holds within a year.

Currently, the CALAFCO Bylaws provide that a Director may be removed from their position if they do not attend 3 meetings, which equates to 9 months or 75% of a calendar year. However, within the last few years, the Board has seen instances of declining attendance and participation among Directors which threatened the depth and breadth of representation present in Board decision-making, but for which there was no recourse.

The Board desires to become a high functioning Board, and recognizes that regular attendance is critical to that goal. Consequently, the Board is recommending that the number of meeting absences be reduced from 3 meetings (or 9 months) to 2 meetings (or 6 months).

California has a rich diversity of perspectives and needs that vary geographically and demographically. Consequently, it is critically important that Board members consistently attend and engage on Association business or make way for those who will.

Process

Designated delegates of LAFCO members in good standing as of October 16, 2024, will be provided with a ballot to use when the amendment is considered during the Annual Meeting to be held on October 17, 2024, at the Tenaya Lodge in Fish Camp, California. Delegates will cast their ballot to either approve the Bylaws change or to not approve the Bylaws change. A majority vote of the Member LAFCOs in good standing, which are present and eligible to vote is required for adoption of the amendment.

CALAFCO
Board of Directors

Chair

MARGIE MOHLER
Napa LAFCO

Vice Chair

ACQUANETTA WARREN
San Bernardino LAFCO

Treasurer

GAY JONES
Sacramento LAFCO

Secretary

BLAKE INSCORE
Del Norte LAFCO

BILL CONNELLY
Butte LAFCO

KIMBERLY COX
San Bernardino LAFCO

RODRIGO ESPINOSA
Merced LAFCO

YXSTIAN GUTIERREZ
Riverside LAFCO

KENNETH LEARY
Napa LAFCO

GORDON MANGEL
Nevada LAFCO

MICHAEL MCGILL
Contra Costa LAFCO

DEREK MCGREGOR
Orange LAFCO

ANITA PAQUE
Calaveras LAFCO

WENDY ROOT ASKEW
Monterey LAFCO

JOSH SUSMAN
Nevada LAFCO

TAMARA WALLACE
El Dorado LAFCO

PROPOSED CHANGE TO SECTION 4.4 OF BYLAWS ARTICLE IV (DIRECTORS)

BYLAWS ARTICLE 4.4

4.4 Resignations and Terminations of Directors. Except as provided below, any Director may resign by giving written notice to the President or the Secretary of the Board. The resignation shall be effective when the notice is given unless it specifies a later time for the resignation to become effective. ~~The Board, in its sole discretion, may declare vacant the position of any Director who misses three (3) consecutive meetings of the Board. Such Director, however, first shall be given prior notice of such pending termination and given the opportunity to offer a reason for such absences.~~ **Additionally, two consecutive unexcused absences from regularly scheduled board meetings, as determined by the Board Chair, constitutes a resignation.**

Questions and More Information

For questions or more information, please contact Margie Mohler, CALAFCO Chair, Acquanetta Warren, CALAFCO Vice Chair, or CALAFCO Executive Director René LaRoche.

California Association of Local Agency Formation Commissions
1451 River Park Drive, Suite 185
Sacramento, CA 95815
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CALAFCO Regional Staff Memorandum

To: CALAFCO Board of Directors c/o Executive Committee
(Margie Mohler, Bill Connelly, Gay Jones, Acquanetta Warren and Blake Inscore)

cc: René LaRoche, CALAFCO Executive Director

From: CALAFCO Regional Staff
(Steve Lucas, Gary Thompson, Jose Henriquez, Joe Serrano)

Date: August 15, 2024

Subject: Proposed Legislative Committee Reorganization

Much is changing with CALAFCO as the organization reinvents itself through the Ad Hoc Modernization Committee and the Board of Directors (BOD). This process is valuable to how we collectively comport ourselves into the future with a refreshed mission and evolving practices. This is a desirable exercise and should be pursued with the utmost attention to transparency and the full involvement of the organization from the BOD to each and every staff member working the lines. It is this last part we speak to in this memorandum.

While there was dissatisfaction among some with how the Legislative Committee organized itself and conducted business, the disbandment of the Committee occurred without most LAFCOs understanding the reason, purpose, and details based on our recent survey in each region. To ensure that CALAFCO remains consistent with the language found on its website, the organization is “***dedicated to operating at the highest levels of transparency,***” our ask is simple and will have no demonstrative impact to our ability to prepare for legislative actions beginning in December 2024.

Request

Your professional, dedicated and experienced staff formally request the BOD:

1. Schedule a comprehensive and meaningful discussion of the policy at the October Conference Business meeting to clearly indicate why the previous model was unsustainable and how the new model will benefit CALAFCO and its member agencies; and
2. Agendize a review of the policy at the Conference BOD meeting on Friday to ratify the new model or make any necessary amendments to the policy based on the feedback and comments made during both meetings.

Background Considerations

Given the need for a more transparent rollout of the proposed “realignment” and the lack of comments at the July 19 BOD meeting, we offer the following observations here: Your four CALAFCO regional officers represent over six decades of experience guiding very successful LAFCo’s in their counties. Many of us have built strong regional ties with our colleagues around the state and many of these connections evolved into friendships. This is not only our story but the narrative of our Association and its extraordinary cadre of professionals. This unique and small association of professionals is far different than our much larger sister organizations. While they have strength in numbers/dollars, we have strength in our collegial commitment to one

another and the LAFCo role in local governance. These bonds are formed by working closely together on many issues and creating an atmosphere of mutual trust. We understand that there is a belief that the new legislative process leverages that expertise and those bonds but LAFCos across the four regions have expressed concerns.

One of the greatest opportunities for this unique dynamic to manifest is the legislative process and the yeoman's work of the (now disbanded) Legislative Committee. The Legislative Committee was a learning opportunity, a professional development opportunity and the glue that bound together hundreds of staff over the years identifying and solving LAFCo concerns. While many would agree that the legislative committee was not perfect, by no means was it useless, obsolete or in need of disbandment. It is unknown at this time whether the new legislative model will continue our ability to bond and to resolve issues in an equitable and transparent manner across all regions and all staff levels. That is why we are requesting further discussion to address any discrepancies, misconceptions, and concerns about the loss of the legislative committee and the implementation of the new procedure.

Final Remarks

The process of eliminating the legislative committee appeared to be less than transparent, provided no state-wide outreach to the EOs (this had been the hallmark of all CALAFCO proposals), and is perceived as rushed by certain LAFCos. All four of us have heard from LAFCos in our region expressing these sentiments to some degree, and feel it is our responsibility to be their voice. Therefore, your four regional officers request that the BOD consider our request and provide more information to ensure that all LAFCos are aware of the proposed change and allow further input before the process unfolds.