



STAFF REPORT

Meeting Date: November 16, 2005

Agenda Item 15

TO: LAFCO Commissioners
FROM: Everett Millais, Executive Officer *EM*
SUBJECT: CALAFCO Dues

RECOMMENDATION:

For discussion and possible action as appropriate.

DISCUSSION:

At the CALAFCO Conference in September, the CALAFCO Board of Directors presented the membership with the attached proposal about changing the CALAFCO By-laws to allow for a different dues structure. Included in this proposal was a possible dues increase for next fiscal year (FY 2006-2007). For the Ventura LAFCO, this draft proposal would increase the CALAFCO dues from \$2,161 (the dues for this fiscal year) to \$2,500 for next fiscal year.

The CALAFCO Board requested that the proposed By-law change and dues increase be presented to each member LAFCO for discussion. At this point this is not a hard and fast proposal. The reason for discussing any CALAFCO dues increase is a desire for CALAFCO to be able to provide increased member services.

CALAFCO is a 501(c)(3) non-profit organization. It has evolved from a relatively ad hoc, all volunteer organization that sponsors an annual conference and staff workshops to a much more pro-active organization similar to other local government associations. The CALAFCO Board cannot further increase member services, however, without an increase in revenues. As an organization CALAFCO is already overly dependent on

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surplus revenues from the conference and workshops. Thus, if CALAFCO is going to be able to provide increased member services, some increase in dues will be necessary.

Among the increased and/or new member services the CALAFCO Board has discussed are publishing additional "best practices" papers (so-called "white papers") on topics that affect all LAFCOs (incorporations, dissolutions, agricultural preservation, etc.), annually sponsoring one or two training sessions for Commissioners and staff focused on specific topics ("CALAFCO University") and holding one or two regional meetings of LAFCOs. Additionally, the Board has discussed having CALAFCO be the resource statewide for compiling and analyzing the results of municipal service reviews, and being the clearinghouse for information about LAFCO budgets and for information about special districts. Given the current CALAFCO budget none of these services can be accomplished.

How to structure the CALAFCO dues, including alternative By-law changes for dues increases, will be discussed again at the CALAFCO Board meeting on January 13, 2006. Among the comments CALAFCO has received to date are that the dues are out of proportion on a per capita basis, especially for the rural counties (i.e. on a per capita basis the CALAFCO dues are more for the rural counties than for the suburban and the urban counties). Thus, in January the CALAFCO Board will potentially consider other possible dues options (e.g. an option more closely aligned with population and an option that may be based on the size of the individual LAFCO budgets). Some of these options could result in an even greater possible increase for the Ventura LAFCO.

The Ventura LAFCO's current budget allocates \$3,500 for "memberships and dues." CALAFCO dues are included, as are professional association dues for staff. The "membership and dues" line item in our budget is approximately 0.5% of the total budget. Staff's perspective is that even doubling this amount would not have a significant effect on our budget.

Commissioner Long and I will share the results of the Commission's discussion, and any action, about this matter with the CALAFCO Board. Of particular interest is to see if there is a desire for CALAFCO to provide better and more member services and to see if some additional dues increases, beyond those provided for in the current CALAFCO By-laws, may be acceptable.

Attachment

CALAFCO Proposed By-law Change: Membership Categories & Dues

ATTACHMENT

CALAFCO PROPOSED BY-LAW CHANGE MEMBERSHIP CATEGORIES & DUES

The CALAFCO Board of Directors is considering a possible change to the By-Laws to amend Section 2.2 relating to Membership Dues, and is interested in receiving input about this possible change from members. The proposed change would change the classification of counties from the CSAC classification of Urban, Suburban and Rural to a five-tier classification of Metropolitan, Urban, Suburban, Large Rural and Small Rural. In addition the base level of dues for FY 2006 – 2007 would increase as shown in the table below.

The CALAFCO Board is considering this change in order to increase the organization's revenue to provide for increased member services, consistent with the Board's Strategic Plan. Among other issues the Board has discussed are the fact that the Preliminary Budget for this fiscal year (FY 2005 –2006):

- Probably significantly overstates revenues from Associate Memberships
- Continues to rely too heavily on revenues generated by the Annual Conference and Staff Workshops
- Underestimates expenses for this year's Conference
- Does not adequately provide for new member services, such as regional seminars, CALAFCO University (training programs), and "best practice" papers.

Attached are pages reflecting the existing By-Law Section 2.2 relating to Membership Dues, existing and proposed county membership classifications, and the Preliminary FY 2005-06 Budget by revenue and expenses.

Proposed Classification	Existing Dues (FY 2005-06)	Proposed Dues (FY 2006-07)	Percent Increase
Metropolitan	\$2,161	\$3,500	62%
Urban (except San Joaquin and Stanislaus)	\$2,161	\$2,500	15.7%
Urban (San Joaquin and Stanislaus only)	\$1,399	\$2,500	78.7%
Suburban	\$1,399	\$2,000	42.9%
Large Rural	\$647	\$1,000	54.6%
Small Rural	\$647	\$750	31.4%
Total Member Dues Revenue	\$73,220	\$104,500	31.4%

CALAFCO BY-LAWS SECTION 2.2

2.2 Membership Dues. The Board shall identify the privileges, and set the amount of membership dues, in accordance herewith, for membership categories during the budget adoption process. The membership dues payable to the Corporation for the admission calendar year by newly admitted members shall be payable in full at the time of admittance. The amount of membership dues and the time or times of payment may, in accordance herewith, be determined and fixed by the Board, and a member, upon learning of any change in such amount or the time or times of payment, may avoid liability therefor by promptly resigning from membership.

Notwithstanding the foregoing, Member LAFCO annual membership dues shall be levied based upon the California State Association of Counties (CSAC) classification of counties. CSAC classifies each California county into one of three categories, based on population: (1) rural, (2) suburban, and (3) urban. The base annual dues for a Member LAFCO in a county which would be classified as "rural" shall not be less than \$600.00 in fiscal year 2000. The base annual dues for a Member LAFCO in a county which would be classified as "suburban" shall not be less than \$1,300.00 in fiscal year 2000. The base annual dues for a Member LAFCO in a county which would be classified as "urban" shall not be less than \$2,000.00 in fiscal year 2000. Thereafter, dues will be adjusted by the Board on an annual basis to reflect changes in the Consumer Price Index (CPI). Membership dues may be reduced by the Board if financial hardship is demonstrated to the satisfaction of the Board. Officers of Member LAFCOs shall not pay membership dues. Notwithstanding the foregoing, Associate Member annual membership dues shall not be less than \$295.00 in fiscal year 1998. **(Amended 9-10-98)**

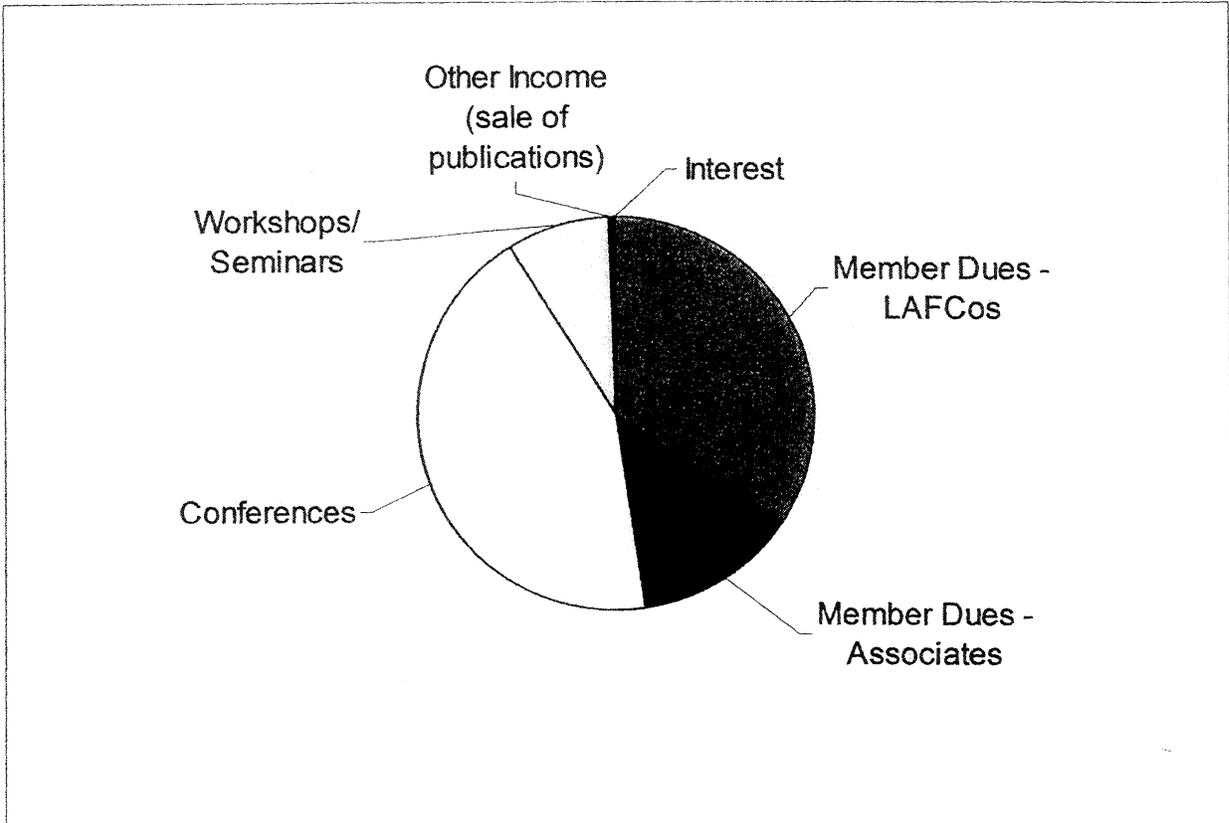
CALAFCO MEMBERSHIP DUES CATEGORIES - PROPOSED - FY 2006-2007

Beginning with the 2006-07 Fiscal Year (effective July 1, 2006)
Based on revised membership categories as follows:

Metropolitan	<u>Population</u>	Large Rural	<u>Population</u>
1 Los Angeles	10,226,506	1 Nevada	98,955
2 Orange	3,056,865	2 Mendocino	89,974
3 San Diego	3,051,280	3 Sutter	88,945
4 San Bernardino	1,946,202	4 Yuba	66,734
5 Riverside	1,877,000	5 Lake	63,250
6 Santa Clara	1,759,585	6 Tuolumne	58,504
7 Alameda	1,507,500	7 San Benito	57,602
8 Sacramento	1,369,855		
9 Contra Costa	1,020,898		
Urban	<u>Population</u>	Small Rural	<u>Population</u>
1 Fresno	883,537	1 Siskiyou	45,819
2 Ventura	813,052	2 Calaveras	44,796
3 San Francisco	799,263	3 Amador	37,574
4 Kern	753,070	4 Lassen	35,455
5 San Mateo	723,453	5 Del Norte	28,895
6 San Joaquin	653,333	6 Glenn	28,197
7 Stanislaus	504,482	7 Plumas	21,231
		8 Colusa	20,880
		9 Inyo	18,592
		10 Mariposa	17,991
		11 Trinity	13,749
		12 Mono	13,563
		13 Modoc	9,700
		14 Sierra	3,538
Suburban	<u>Population</u>	Population Criteria for Membership Categories:	
1 Sonoma	478,440	Metropolitan	More than 1,000,000
2 Monterey	425,102	Urban	500,000 to 1,000,000
3 Solano	421,657	Suburban	100,000 to 500,000
4 Santa Barbara	419,260	Large Rural	50,000 to 100,000
5 Tulare	409,871	Small Rural	Less than 50,000
6 Placer	305,675		
7 San Luis Obispo	260,727		
8 Santa Cruz	260,240		
9 Marin	252,485		
10 Merced	240,162		
11 Butte	214,119		
12 Yolo	187,743		
13 Shasta	178,197		
14 El Dorado	173,407		
15 Imperial	161,800		
16 Kings	144,732		
17 Madera	141,007		
18 Napa	133,294		
19 Humboldt	131,334		
		Proposed FY 2006-07 Dues	
		Metropolitan	\$3,500
		Urban	\$2,500
		Suburban	\$2,000
		Large Rural	\$1,000
		Small Rural	\$750

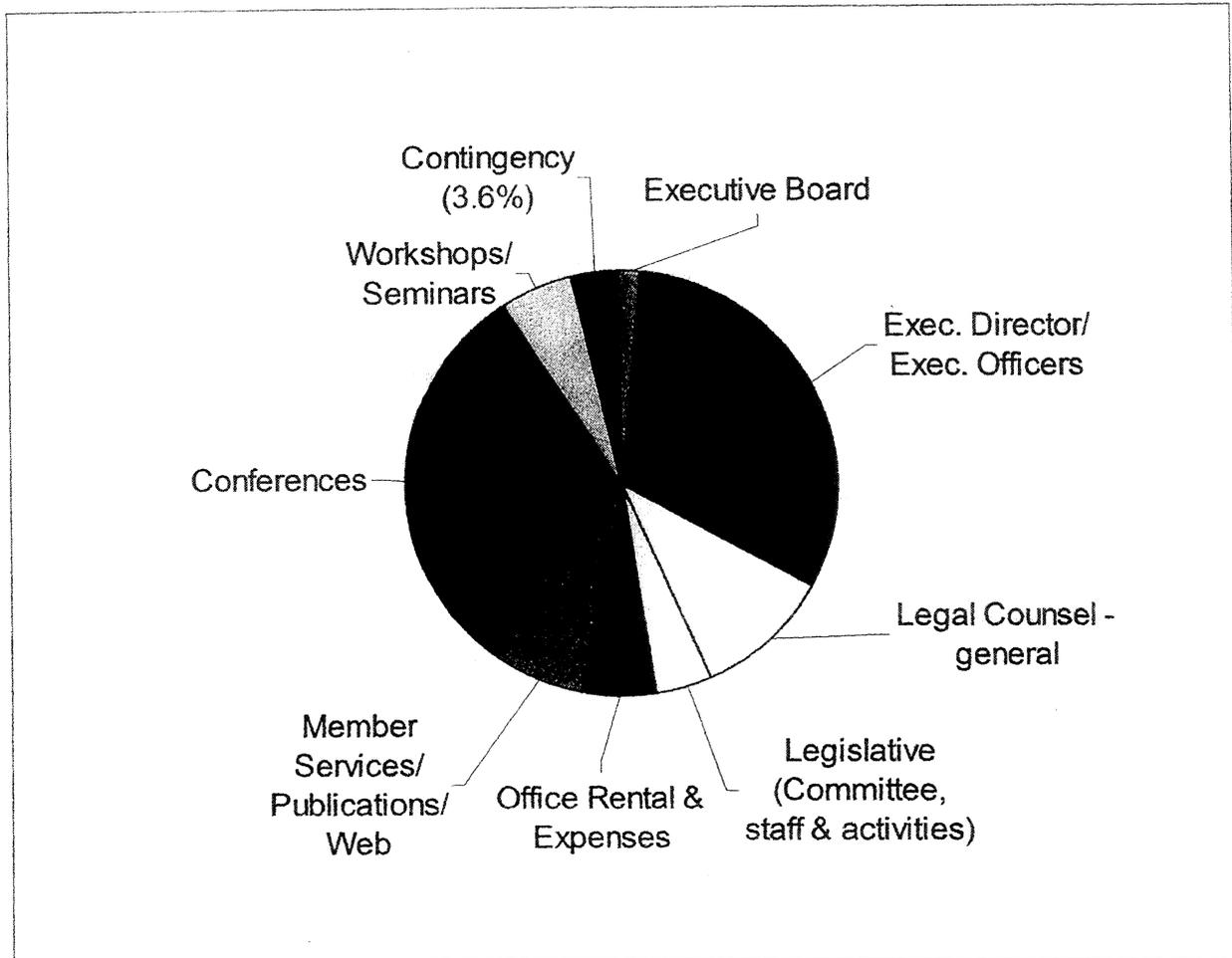
Source: California Department of Finance, County Estimates by Size, January 1, 2005

CALAFCO PRELIMINARY BUDGET FY 2005 – 2006 Revenue



Revenue		
Member Dues - LAFcos	\$ 73,220	34.0%
Member Dues -Associates	\$ 29,000	13.5%
Conferences	\$ 94,000	43.7%
Workshops/Seminars	\$ 17,900	8.3%
Other Income (sale of publications)	\$ 800	0.4%
Interest	\$ 200	0.1%
Total Revenue	\$ 215,120	100.0%

CALAFCO PRELIMINARY BUDGET FY 2005 – 2006 Expenses



Expenses		
Executive Board	\$ 3,500	1.6%
Exec. Director/Exec. Officers	\$ 67,700	31.5%
Legal Counsel - general	\$ 22,200	10.3%
Legislative (Committee, staff & activities)	\$ 9,000	4.2%
Office Rental & Expenses	\$ 11,880	5.5%
Member Services/Publications/Web	\$ 14,320	6.7%
Conferences	\$ 67,000	31.1%
Workshops/Seminars	\$ 12,000	5.6%
Contingency (3.6%)	\$ 7,520	3.5%
Total Expenses	\$ 215,120	100.0%

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CHRISTINE KEHOE
CHAIR

Agenda Item 16

October 5, 2005

Everett Millais
Executive Officer
Ventura Local Agency Formation Commission
800 South Victoria Avenue, L# 1850
Ventura, CA 93009

Dear Ms. Millais:

Please place this letter on your LAFCO's next agenda and discuss it with your commissioners.

The newly-revised Community Services District Law takes effect on January 1, 2006, as the result of my Senate Bill 135. Several features of the new CSD Law are important to LAFCOs, but there is one provision that deserves your commission's special attention.

The existing statute allows a CSD to provide 17 types of public services, plus special provisions for certain other CSDs. SB 135 consolidates those provisions into a list of 31 services and facilities (see the new Government Code §61100), plus a few special provisions (new §61105). SB 135 also defines "latent powers" as those services and facilities that a LAFCO determines that a CSD did not provide before January 1, 2006 (new §61002 [h]).

SB 135 links LAFCO's determination back to your duty under the Cortese-Knox-Hertzberg Act to adopt and amend spheres of influence (Government Code §56425 [h]). In other words, once you inventory a CSD's services, every other service becomes a latent power.

Starting January 1, 2006, if an existing CSD wants to activate a latent power, the district must get your approval (new §61106). Therefore, it is important that your LAFCO has an accurate inventory of the services and facilities provided by every CSD in your county by December 31, 2005.

Sincerely,



CHRISTINE KEHOE
Chair

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Ventura LAFCO



Senate Bill 135 (Kehoe)
Chapter 249, Statutes of 2005
Community Services District Law Revision

Summary: Senate Bill 135 revises the state laws governing community services districts.

Problem: The statutes that govern the community services districts (CSDs) are incomplete and out-of-date. The Legislature has not comprehensively revised the Community Services District Law since it was re-enacted in 1955.

Background: The Community Services District Law (Government Code §61000, et seq.) is the principal act that governs the 317 community services districts (CSDs). Legislators originally passed the CSD Law in 1951 and re-enacted it in 1955. In the last 50 years, the Legislature has passed scores of amendments to the CSD Law, resulting in a convoluted statute that has more than 300 separate sections. The newly revised CSD Law takes effect on January 1, 2006.

The voters amended the California Constitution by passing Propositions 13, 4, 218, and 1A. Other voter initiatives created the Political Reform Act and changed local officials' fiscal powers. The Legislature enacted and expanded state laws on open meetings, public records, fiscal audits, special districts' boundaries, land use planning, and public finance. The 1955 CSD Law reflects few of these reforms. Finding similar problems with other special districts' statutes, the Senate Local Government Committee previously rewrote the principal acts that govern fire protection districts (1987), recreation and park districts (2001), mosquito abatement and vector control districts (2002), and public cemetery districts (2003).

The Senate Local Government Committee, chaired by Senator Christine Kehoe, convened a 19-member Working Group on Revising the Community Services District Law to review the current CSD Law and recommend revisions. Working with expert advisors, the Working Group met six times between November 2004 and June 2005, to review every section in the 1955 Law and the drafts of the new CSD Law. Senator Kehoe amended the results of the Working Group's advice into **Senate Bill 135**, the legislative vehicle to rewrite the Community Services District Law.

The provisions of **Senate Bill 135** differ from the 1955 CSD Law in dozens of ways. Rather than examine each of the bill's features in detail, this summary looks at four types of changes:

- Policy.
- Powers.
- Procedures.
- Oversight.

Policy. The 1955 CSD Law does not contain any overt statements of legislative intent or statewide policy to guide the CSDs. **Senate Bill 135** opens with seven legislative findings, recognizes four roles that CSDs play in community governance, and recites three statements of legislative intent (see the proposed §61001). Based on those policies, **SB 135** strengthens CSDs' governance:

- Voters can elect directors at-large, by divisions, or from divisions (§61021 & §61025).
- Voters can convert dependent CSDs into independent districts (§61022 & §61027).
- All CSDs' boards of directors must have five directors (§61040 & §61041).
- Directors set policy; general managers implement policy (§61040 & §61051).
- Directors serve staggered, four-year terms (§61042).
- Directors must follow formal procedures (§61043, §61044 & §61045).
- General managers have defined roles (§61002 [f] & §61051).

Powers. Responsible and effective local governments need enough (but not too much) power to carry out their statutory policies. The Working Group spent days scrutinizing the 1955 Law and recommending changes. **Senate Bill 135** contains these specific differences:

- Limits the purposes for paying stipends to directors (§61047).
- Clarifies how CSDs can manage their own finances (§61053).
- Consolidates the scattered sections authorizing CSDs' basic corporate powers (§61060).
- Consolidates the scattered sections authorizing 31 public services and facilities (§61100).
- Preserves nine special services for specific CSDs (§61105).
- Clarifies how CSDs can activate their latent powers (§61002 [h] & §61106).
- Requires CSDs to adopt budgets (§61110+).
- Requires CSDs to adopt annual appropriations limits (§61113).
- Explains how CSDs may raise additional revenues (§61120+).
- Explains how CSDs may generate capital for public works (§61125+).
- Increases the bid threshold for public works contracts (Public Contract Code §20682+).

Special districts are limited-purpose governments that have only the powers that the Legislature has delegated to them. State law lets districts provide public facilities and services, but rarely gives them regulatory powers. In contrast, counties and cities are general-purpose local governments with broad police powers that let them regulate private behavior in the public interest. For example, counties and cities use zoning to regulate land use; districts can't. **Senate Bill 135** authorizes CSDs to exercise some specific regulatory powers and public services that are similar to the powers and services provided by the underlying counties and cities. To avoid conflicts, **SB 135** requires CSDs to get other public agencies' permission before they:

- Provide police protection and law enforcement (§61100 [i]).
- Improve public works that belong to another public agency (§61100 [l]).
- Underground utilities that belong to another public agency (§61100 [m]).
- Provide emergency medical services (§61100 [n]).
- Improve flood protection facilities that belong to another public agency (§61100 [r]).
- Remove snow from roads that belong to another public agency (§61100 [w]).
- Provide animal control services (§61100 [x]).
- Regulate streets that belong to another public agency (§61103).
- Grant franchises over public works that belong to another public agency (§61104).

Procedures. **Senate Bill 135** reduces the bulk of the CSD Law from over 300 separate sections to 83 sections. **SB 135** uses a contemporary drafting format, clusters together related topics for quicker reference, and renumbers the entire CSD Law. To improve effective administration

and political accountability, **SB 135** relies on the practice of “billboarding,” providing statutory cross-references to other existing laws that apply to CSDs as well as to other local governments:

- Lawsuits to challenge CSDs’ validity, debts, and decisions (§61006).
- Boundary changes under the Cortese-Knox-Hertzberg Act (§61007).
- Election procedures under the Uniform District Election Law (§61008).
- Open meetings under the Ralph M. Brown Act (§61044).
- Opportunities for initiative, referendum, and recall elections (§61046).
- Using the Joint Exercise of Powers Act (§61060).
- Changing a CSD’s name (§61061).
- Record retention and destruction (§61061).
- Local land use planning and zoning (§61062)
- Procurement of supplies and equipment (§61063).
- Employee relations under the Meyers-Milias-Brown Act (§61065).
- Providing employee benefits (§61066).
- Providing public services and facilities just like municipal water districts, sanitary districts, fire protection districts, recreation & park districts, mosquito abatement & vector control districts, library districts, airport districts, and pest abatement districts (§61100).
- Annual appropriations limits under the Gann Initiative (§61113).
- Annual allocation of property tax revenues (§61114).
- Regular audits and annual financial reports (§61118).
- Adopting special taxes with 2/3-voter approval (§61121).
- Levying benefit assessments with property-owner approval (§61122 & §61129).
- Standby charges under the Uniform Standby Charge Procedures Act (§61124).

Oversight. Responsive government is accountable government. **Senate Bill 135** promotes the CSDs’ public accountability and responsiveness by:

- Distinguishing the roles of directors and general managers (§61040 & §61051).
- Staggering directors’ four-year terms (§61042).
- Clarifying the use of the initiative, referendum, and recall (§61046).
- Restating the requirement to retain and destroy records (§61061).
- Requiring formal budgets and fiscal transparency (§61110+).
- Requiring regular audits and annual financial reports (§61118).

Other provisions. Besides enacting a new CSD Law, **Senate Bill 135** also makes conforming changes to these other state laws:

- LAFCOs cannot control districts’ internal zones (Government Code §56036). **SB 135** adds CSDs’ zones to this exemption in the Cortese-Knox-Hertzberg Act (§1 of the bill).
- State law governs how CSDs purchase materials and supplies for their construction projects (Public Contract Code §20680+). **SB 135** clarifies these procedures and raises the bidding threshold for contracts to \$25,000 (§4-§8).
- **SB 135** notes that the new statute is based on the recommendations of the Working Group on Revising the Community Services District Law, convened by the Senate Local Government Committee (§9).
- **SB 135** relies on the California Constitution to avoid paying for the costs of enforcing new crimes (§10).

For more information about **Senate Bill 135**, contact:

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Revised: September 22, 2005