

The Sphere

October 2018

Public Transit in Ventura County

Written by Ventura LAFCo



ANNUAL CONFERENCE EDITION

Public Transit in Ventura County
2018 Report to the Membership

Message from the Chair

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Message from the Executive Director



Ventura LAFCo staff first became aware of the complexity of regional public transit in Ventura County following the State Legislature's formation of the Gold Coast Transit District in 2013. Gold Coast, which provides fixed-route and paratransit service within the unincorporated County area and four of the County's ten cities (in the western portion of the County), is the only transit district in the County. When LAFCo established Gold Coast's sphere of influence in 2015 to include the entire County area, staffs of several of the remaining cities were concerned that the Commission's action represented a step toward expansion of Gold Coast throughout the region. This was the starting point for our evaluation of public transit in the 2018 Municipal Service Reviews (MSRs) for the cities.

Within the County, there are nearly a dozen public transit systems. Service providers include cities, the County, Gold Coast, and the Ventura County Transportation Commission. The level of coordination among these systems varies. Depending on a transit user's needs, existing transit is either simple (e.g., involves direct service or one transfer within a single transit system) or more complicated (e.g., requires transferring among multiple transit systems, each with its own schedule, bus stop locations, and fares). No single agency or website provides a complete guide for public transit users planning interagency trips. One study acknowledged the challenges in establishing a coordinated system, including the fact that Ventura County consists of "widely spaced, diverse communities and centers where geographic areas do not share common economic, social, and transportation service values." *Continued on Page 5*

The Sphere

CALAFCO Journal

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The contents of this newsletter do not necessarily represent the views of CALAFCO, its members, or their professional or official affiliations.

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A MESSAGE FROM THE CHAIR OF CALAFCO



Gay Jones
Chair of the Board
CALAFCO

One united voice has power.

That is why I am so proud of CALAFCO. When we form a united voice, the potential to work together and create the best outcomes for our communities and our state are endless. Large and small LAFCos share the same goals: provide for orderly growth, discourage urban sprawl, preserve agriculture and open space, and ensure the efficient delivery of municipal services.

Over this year, I have had the honor to serve as Chair of CALAFCO. I have participated with our internal and external partners - often with divergent viewpoints - to tackle serious statewide issues. Respectful and thoughtful exchanges occurred, as well as strong debate. Relationships were challenged, both internally and externally. At times our voice was united, and when this occurred, magic happened. This dialogue produced constructive action in legislation and policy development.

CALAFCO has earned a reputation as an honest broker, a go-to resource. We need to continue to work together to maintain this status. We can have a positive impact together. But, this is hard work. It is an on-going process. And, if we stand together with one united voice, we can prevail. Speaking in a united voice takes courage and from that courage comes immeasurable strength.

A huge thanks to my fellow Board Members for their contributions, support and united voice this past year. The executive and ad hoc committees deserve recognition in particular, as do our Members who plan and execute our Conference and Workshops.

My sincere thanks goes to CALAFCO's Executive Director Pamela Miller for her leadership, patience and listening skills, and Herculean efforts on behalf of our organization.

Thanks to all for your professionalism in moving CALAFCO forward. I look forward to a bright future for our Association and the magic to be created by the power of our collective voice.



A Message from the CALAFCO Executive Director



Pamela Miller
Executive Director

The Power of Our Place as Part of the Whole: Lessons From the Wild

I recently returned from a trip to South Africa – a journey that completely shifted my perspective on the world. So much so, in fact, that I scrapped the almost-finished article I’d written and replaced it with this one. The topic of the first article is the same as this one...the perspective and content however, are now very different.

One of the many things I experienced on this journey was a safari. I marveled at how a sequence of various species of wild animals would take their



turn making their way to the watering hole at dawn

and dusk to drink the refreshing water and cool off with a brief swim. Each species respected its place in the ritual and respected the space of the others who were unlike them. *It was as if, for that short period of time, all of them suspended the notion of survival of the fittest and behaved in a way that supported survival of the whole system.* It appeared to me to be an orchestrated thing of raw beauty, grace and even dignity.

As I reflected on those images and encounters, and the feelings I had in those moments, I found myself thinking about my experiences over the past several years and what lessons we as humans can learn from these magnificent wild creatures. How often do we behave in a way that supports the system as a whole? We certainly experience it in time of disaster – people coming to one another’s aid in times of crisis. And our state has been called to do this a great number of times in the past several years. But, what about every day? What about when we are in the middle of the grind? How many of us can say we humbly put aside our own interests and make choices and decisions based on what’s best for the

whole? In our personal lives? In our LAFCOs, cities, counties, districts, communities, associations and other communities to which we belong?

Another experience I had that resonates with me involved a pack of nine wild dogs. Two of the dogs somehow managed to go under an electric fence that separated the Kruger National Park Reserve from a property that hunts the wild animals. We came upon them as the pack frantically ran alongside the two with the fence standing in the way, moving back and forth desperately trying to find a place to get back under and reunite.

After about twenty minutes, one mustered enough courage to crawl under the fence (with a slight zap) at a dip in a gully. The remaining dog was now alone on the other side. The pack kept with her, encouraging her in their own way to find a spot and crawl under. She ran back to the gully and we watched, holding our breath and whispering encouragement to her: “do it, you can do it, come on”. She did not make the move and just kept running back and forth. Meanwhile, part of the pack would run into the bush while the rest of the pack stayed with her.

Eventually we left for the watering hole. In a few minutes most of the pack arrived without the female. We waited...and waited...and then it happened. The female appeared and what we saw then was unbelievable. She was greeted with playful licks, jumps and unconditional joy by her companions. It was as if she had been gone for a month rather than a few hours. The bond of the pack was so strong it was palpable – they were truly family. They were not going to leave her until they were all reunited.



Again I asked myself what are the lessons I can take away from this experience. The more I pondered these and other like questions, the more I found myself reflecting on events of the past couple years. This past year in particular proved to be challenging for CALAFCO and at the same time an opportunity to see what we were made of. While we faced numerous challenges (and still do), we remain strong, focused and whole.

Four big ideas surfaced for me as I pondered these questions.

➤ ***The whole is greater than the sum of its parts***

As is clear with the pack of wild dogs, the power lies in the pack, not in the individual dog. Individually they are agile and formidable hunters. Collectively, they literally outrun their prey by taking turns leading the hunt. When the lead dog tires, another takes over. Together, they run down the prey until it literally tires out. They have a strong bond and strong sense of community and family.

LAFcos are stronger together, without a doubt. I see this every day through the networking and use of resources like the list serve. The sharing of information, ideas and resources stimulates both a reinforcement of community and the opportunity for innovation and creativity. It doesn't matter if you are urban, suburban or rural. It doesn't matter if you have a \$2 million budget or \$10,000 budget. It doesn't matter if you have part-time contract staff or a staff of fifteen. The reality is our network of LAFcos is stronger when we work together.

For CALAFCO, it is a powerful statement when we are able to say to the Legislature and others that CALAFCO represents all 58 LAFcos in the state. It demonstrates unity and collective authority that can yield immeasurable influence, especially when we speak with the same voice. While something may not directly impact or benefit one particular LAFCo, if it impacts or benefits a good number of LAFcos, responding for the greater good of the whole is in everyone's best interest. It keeps the whole stronger. *As we continue to face challenges, the force of the whole will prove to be greater than the sum of our parts.*

➤ ***Sometimes it's about just surviving and sometimes it's about thriving***

Life in the wild is difficult. There are times when the animals are thinking about nothing but survival – getting the next meal, escaping a predator (so they aren't someone else's next meal), finding water, etc. And at other times, when the dominant female wild dog gives birth to a litter of fifteen strong pups or the endangered white rhino successfully births and raises a calf who carries on the next generation, that is a way of thriving.

You've no doubt heard me say it numerous times the past several years – plan the menu or be on the menu. Recently it feels as though much of my time is spent in Sacramento fighting for LAFCo...to thwart off ideas or legislation to circumvent LAFCo, divest LAFCo authority, create unreasonable mandates for LAFCo, or to secure financial resources for LAFCo. At the same time, other conversations occur in which LAFcos are touted as a strong and necessary part of the process, as viable

overseers of the delivery of municipal services, and as agencies that generate great value. And, we have our champions in Sacramento too.

I've heard from many LAFcos that they too, are experiencing this dichotomy – some are struggling to meet their legislative requirements while others are seemingly thriving. I suppose this is true for all organizations. There is an ebb and flow – there are times when we are moving forward and evolving and making strides. And there are times when that is not the case; when it feels like it's all we can do to make it through another day unscathed (or with as few battle scars as possible). We are all learning how to tell our story – the LAFCo story – and showing how effective and valuable we are to the whole. Gaining skills and confidence in telling our stories will create more opportunities for moving us forward into the space of thriving. *The more we are that story, the greater the chances of thriving rather than merely surviving.*

➤ ***Respond when the predator alarm call is sounded***

In the wild, when one animal sounds the alarm that a predator is approaching, it's amazing to see how all of the species in the surrounding area respond. They are immediately in survival mode and act accordingly as instinct kicks into high gear.

This year CALAFCO heard the alarm several times, and sounded the alarm too. We faced great challenges in our fight to obtain state grant funding for LAFcos. Knowing it was always an uphill battle, we sounded the alarm and call for legislative action and support. We were challenged by stakeholders – some of whom had been strong partners in the past, and we were challenged by Capitol insiders. We faced serious odds and overcame some big obstacles that were put in our path. And when the call sounded, many of you responded. Some of you also responded when we sounded the alarm on legislation that sought to divest LAFCo authority or had negative implications to all LAFcos. Sometimes it is hard to understand what the direct impact of something is to your own LAFCo, whether that be short-term or long-term. While we haven't quite reached the point in which we speak in one united voice with all 58 LAFcos, CALAFCO continues to work towards that goal.

Complacency in the wild, especially when the predator alarms is sounded, will surely mean death. While that is a bit of a radical sentiment to apply to LAFcos or CALAFCO, it's not too far-fetched to say that without a certain level of consciousness about the external environmental factors affecting us, we are putting ourselves at risk. *The greater our internal and external awareness is and the greater our ability to be agile and*

respond to any alarm when sounded is, the greater our chances are of responding, and responding in a way that not only ensures survival but creates value for the whole.

➤ ***Evolution is required to avoid extinction***

Each of the animals I observed has to adapt to the changing environmental conditions surrounding them. If they don't, they will find themselves extinct. And, in some cases, despite their own efforts, they are on the verge of extinction as a result of forces outside their own control.

By nature, organizations change and evolve. LAFCo's are not the same agencies they were 54 years ago and CALAFCO is not the same organization it was 47 years ago. We too have had to adapt and evolve ourselves to meet the continually shifting environment – to meet constantly changing political, social, economic and environmental demands. Conversations in 2017 with the Little Hoover Commission and recent questions from the Legislature brought home the fact that if we do not continue to evolve and generate value to the system, we can be replaced.

So how do we evolve? I assert it's through creativity, innovation, calculated risk, flexibility and adaptability, taking advantage of our strengths and shoring up our weaknesses, and being willing to proactively rather than reactively live into the future. Speaking with one united voice as much as possible, and knowing the whole is greater than the sum of the parts are also key elements. CALAFCO has been working hard to evolve and find ways to create greater value for you, our members. And I've heard from many of our member LAFCo's that you too, are working hard to evolve, work proactively and generate greater value by being facilitators, conveners, taking on unique challenges and projects, and by taking some calculated risks for the betterment of the communities you serve. There is success story after success story of this...are you telling yours? *Evolution and transformation is necessary for not just surviving, but for thriving. What is your LAFCo story of evolution?*

LAFCo's are unique and highly effective local agencies. There are no other entities in the country like LAFCo's. That is the power behind the potential. I invite you to consider the potential of your LAFCo's power as CALAFCO stands in support of and with you.



Public Transit in Ventura County

Continued from cover

Local jurisdictions rely heavily on state funding established by the Transportation Development Act (TDA) to operate public transit service. Flexibility in how a jurisdiction may use TDA funding depends on several factors, such as the jurisdiction's population and status as either a rural or urban community. Each jurisdiction is responsible for covering the remaining "farebox recovery" component of transit costs, which may consist of rider fares and/or additional subsidies. The restrictions built into TDA funding result in the provision of services that are inevitably focused on ensuring that "farebox recovery" can be met, even if the transit need justifies something different (e.g., additional routes or greater bus frequencies).

Despite the challenges, Ventura County has experienced progress toward regional coordination of public transit. As a district, Gold Coast has the ability to implement service improvements and meet transit needs from a system-wide perspective, and distributes TDA funds to its members for transit-

related purposes such as bus stop construction and transit-related maintenance. The East County Transit Alliance (a JPA) was formed by the County and several cities outside of Gold Coast's service area as a result of greater awareness for the need to improve coordination amongst transit systems in the eastern portion of the County, and has initiated programs to simplify interjurisdictional trips for riders in that area (e.g., coordinated hours of operation, route schedules and connectivity, fares, and senior age criteria). Furthermore, technological advances have provided opportunities for improved regional trip-planning resources for riders (e.g., automatic vehicle locators and Google Transit assist riders in accessing transit information online to plan public transit trips), and transfer agreements simplify riders' ability to move between systems.

In the city MSR's, Ventura LAFCo identified transit service improvement options including the annexation of additional cities to Gold Coast, the formation of a second transit district in the eastern portion of the

County, and the establishment of a regional transportation authority to handle the majority of public transit within Ventura County. Most importantly, the Commission established itself as a leader in advocating for more efficient provision of public transit service, and has stimulated fresh dialogue about collectively improving delivery of public transit service in Ventura County.

THE LEGAL CORNER



Local Taxing Powers Generate Big Cases

By: Michael Colantuono, Colantuono, Highsmith & Whatley

Recent days have been very newsworthy for local government finance, with decisions extending agencies' power to tax electronic commerce and a deal to keep the onerous Business Roundtable Initiative off the November ballot.

South Dakota v. Wayfair is the U.S. Supreme Court's blockbuster decision on electronic commerce taxes. For some 50 years, the Court has required a business to have a physical presence in a state or a locality for that government to have the power to tax it. In the 1960s, mail-order businesses did business nationwide, but located in low- or no-tax jurisdictions to avoid collecting and paying taxes in most of their markets. The rise of the internet and electronic commerce has made the physical present rule more and more irrational. As the Court noted, an e-commerce vendor with a pervasive presence in South Dakota (which relies heavily on sales taxes) paid no tax while competitor who warehoused a small amount of inventory there would. Now, significant participation in the taxing agency's marketplace triggers tax jurisdiction.

Congress may weigh in on taxation of electronic commerce. In the meantime, local agencies adopting new taxes (with voter approval) can reach any business with a meaningful role in their communities. Exemptions for very small vendors (like those who sell crafts on Etsy or Craig's List) are wise. The decision's immediate significance will be

enhanced collection of use taxes. Sales in California are subject to sales taxes, collected by sellers from buyers and paid to the State and the local government which was the location (or "situs") of the sale. Use taxes apply to sales by out-of-California businesses, but few sellers collect them (Amazon now does) and even fewer buyers pay them (as the law requires). *Wayfair* allows the State to compel all businesses who do meaningful volume here to collect use taxes for the State and its local agencies.

The onerous Business Roundtable Initiative — funded by Big Soda and requiring two-thirds voter approval for all new taxes and many fees — will not appear on the fall ballot. Backers withdrew it for the Governor's signature on A.B. 1838, an immediately-effective budget-trailer bill forbidding taxes on "groceries" — defined to include "carbonated and noncarbonated nonalcoholic beverages" and to exclude alcohol, cannabis, tobacco and electronic cigarettes — from 2018 to 2030. Soda taxes approved earlier in San Francisco, Berkeley and Albany are exempted. By its terms, the statute applies to all local governments, including charter cities, but a strong argument can be made that no state interest justifies this interference home rule power. The statute restricts litigation of such cases to Sacramento Superior Court, a venue the State has found favorable in post-redevelopment disputes with local government. Public health advocates rue the deal, but many in local government — and public-employee unions which participated in the negotiations — are relieved the Business Roundtable Initiative is off the table.

Other significant developments in local finance law are pending appellate case and the Legislature. We will update you on those next time.

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Public Entities Can Limit Public Comment Speaking Time at Meetings

By: Alexander N. Brand, Associate, Best Best & Krieger

Public entities can place reasonable time restrictions on public comment at their meetings as long as the time restrictions do not violate state or federal law, a California appellate court said in a fairly sweeping

decision. The Second District Court of Appeal affirmed a trial court's determination that a city transit board's restriction of public comment to 3 minutes, per person, per agenda item, did not violate the Ralph M. Brown Act "open meeting" law or the First Amendment right to free speech. The court also held that the transit board properly allowed staff and invited speakers to speak for longer than the 3 minute time limit imposed on the public.

This opinion in *Ribakoff v. City of Long Beach, et al.* continues a line of cases that recognizes a public entity's ability to put reasonable restrictions on public comment during public meetings. These opinions properly strike a balance between the public's need to address their elected officials, while also allowing the public entity to manage meetings and complete them in a reasonably efficient manner.

Ribakoff regularly attended meetings of the Long Beach Transit Company Board of Directors, which is subject to the Brown Act's open meeting requirements. Board policy required each public speaker to fill out a public comment card, which informed the speaker of the 3 minute limit to address the Board. Ribakoff filled out a card and spoke for 3 minutes on one agenda item, and then attempted to speak to the Board a second time on the same item, but was not allowed to speak. Ribakoff sued, claiming time and subject matter restrictions and discrimination in violation of the Brown Act and the First Amendment.

The appellate court determined that the 3 minute time restriction was reasonable and did not violate the Brown Act or the First Amendment. First, the Brown Act expressly authorizes public entities to put reasonable restrictions on the amount of time a speaker can speak at a meeting and the appellate court concluded that the 3 minute restriction was reasonable. Additionally, the appellate court held the restriction did not violate the First Amendment because it was a content neutral restriction that simply limited the amount of time for speech and not what was said.

Ribakoff also argued that the restriction violated the law because it was not uniformly applied to all speakers, specifically staff and invited speakers. The appellate court concluded that the Board had a reasonable justification for treating invited speakers differently. Finally, contrary to Ribakoff's contention, speech at government meetings is not unlimited and public entities can limit speech at meetings based on time and even some types of

content — i.e. requiring a speaker to address only the topic or agenda item at issue.

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Around the State

There's action at Sonoma LAFCo

Sonoma LAFCo recently relocated their offices. They've moved from the County Administration Center to downtown Santa Rosa, convenient to transit and the Courthouse Square. The new address is 111 Santa Rosa Avenue, Santa Rosa 95404. All other contact information remains the same.

Sonoma LAFCo is also pleased to announce Cynthia Olsen has been promoted to an Analyst, with work focused on fielding inquiries, and processing OSAs and small annexations. They will now be hiring a part-time administrative aide/commission clerk.

A Special CALAFCO Thank You to Our First Responders

The entire CALAFCO membership is deeply grateful for all of our California First Responders and their efforts in the recent wildfires and other natural disasters. You are tested to the limit and with each and every call, you respond with courage, honor and a strength beyond measure. In the face of grave danger, you put your own lives on the line to save the lives and property of others. We honor your tireless and selfless dedication to answering your calling each and every day.





CALAFCO 2018 Annual Report to the Membership

Dear CALAFCO Members:

The CALAFCO Board of Directors is proud to report the highlights of our Association during the past year, which was a very full year. CALAFCO continues as a strong, vibrant educational resource to our members and as an advocate for LAFCo and LAFCo principles to statewide decision makers. Highlights of the year include our Annual Conference in Yosemite, Staff Workshop in San Rafael, the publication of our statewide disadvantaged unincorporated communities map, and our continued strong presence across the state as an advocate for LAFCo and LAFCo principles to statewide decision makers.

We are pleased to report that all 58 member LAFCos have renewed their membership for the 2018-19 fiscal year, and today we have six (6) Gold Associate members and twenty-four (24) Silver Associate members.

This year CALAFCO earned the *GuideStar Exchange Platinum Seal* in recognition of its transparency and completeness in documentation. This is the highest recognition any nonprofit can receive from Guidestar.

Our achievements are the result of the dedicated efforts of the many volunteer LAFCo staff from around the state who contribute their time and expertise. The Board is grateful to the Commissions who support their staff as they serve in the CALAFCO educational and legislative roles on behalf of all LAFCos. We are also grateful to the Associate members and event Sponsors that help underwrite the educational mission of the Association and allow us to keep registration fees as low as possible.

EDUCATIONAL SERVICES AND COMMUNICATION

CALAFCO educational and information sharing-services continue to be the Board's top priority for member services. Under this umbrella, the Association focuses its resources in four areas: the Staff Workshop, Annual Conference, CALAFCO University courses, and electronic resources including the web site, quarterly reports and the member list-serves.

2018 Staff Workshop

We continued the tradition of quality education programming with the Staff Workshop held in San Rafael in April and the Annual Conference in Yosemite in October. The Workshop, hosted by *Marin LAFCo*, brought together 103 LAFCo staff and guests from around the state, representing 40 LAFCos and six Associate member organizations.

The overall rating in the evaluations was 5.5 on a 6.0 scale, the highest rating the Workshop has received since tracking began. We would like to thank the Program Planning Committee members and Chair *Martha Poyatos* (San Mateo LAFCo), our host, *Marin LAFCo*, led by *Rachel Jones*, and all who worked to make this an outstanding Staff Workshop. We also acknowledge and thank the sponsors of this year's Staff Workshop: *Best Best & Krieger*, *Colantuono Highsmith & Whatley*, *MCE Clean Energy*, and Mobile Workshop sponsors *Point Reyes Farmstead Cheese Company*, *The Fork*, and *Marin LAFCo*.

All workshop materials were posted to the CALAFCO website prior to the start of the Workshop.

The 2019 Staff Workshop is set for April 10-12, 2018 at the Holiday Inn in *San Jose*. Our host for this workshop will be *Santa Clara LAFCo*.



2018 Annual Conference

Approximately 275 LAFCo commissioners, staff and guests are expected at the 2018 Annual Conference in Yosemite.



The program is rich in content with general and breakout sessions focusing on topics essential to LAFCos as we all continue to tackle the many challenges we face in fulfilling the mission of LAFCo.

We acknowledge and thank the Conference Committee Chair **Anita Paque** (Calaveras LAFCo), the Program Committee Co-Chairs **Carolyn Emery** (Orange LAFCo) and **Christine Crawford** (Yolo LAFCo), and all who worked on the Program Committee to make this an outstanding Conference.

We wish to also thank all of our sponsors for this year's Annual Conference, without whom this special event would not be possible: **Best Best & Krieger, CV Strategies, Urban Footprint, Lewis Group of Companies, Assemi Group, Inc., Cucamonga Valley Water District, Streamline, Eastern Municipal Water District, Imperial LAFCo, Colantuono Highsmith & Whatley, Irvine Ranch Water District, Inland Empire Utilities Agency, Planwest Partners and Fechter & Company.**

Conference presentation materials are posted on the CALAFCO website in advance of the Conference as they are received from presenters. You can find presentation materials for all prior Conferences on the CALAFCO website.

Next year's Conference will be hosted by CALAFCO and held at the **Hyatt Regency Capitol Park, Sacramento, October 30 through November 1.**

CALAFCO University

There has been one CALAFCO U course

so far this year in Sacramento on January 22. The topic was **LAFCo's Evolving Mission: New Laws, Requirements and Transparency.** The session focused on several important topics including how to implement recently enacted



legislation and website transparency requirements for LAFCos. The session was well attended by staff and commissioners with 25 in attendance. Feedback was positive enough to repeat the transparency portion of the session at the 2018 Staff Workshop.

All materials for this and all other CALAFCO U sessions can be found on the CALAFCO website.

Accreditations

CALAFCO's educational activities continue to be accredited by the American Planning Association to provide AICP credits for certified planners. This benefit is provided at no cost to LAFCo staff and helps them maintain their certifications. In addition, both the Conference and Workshop have sessions for LAFCo counsel that have been accredited for MCLE credits by the California Bar.

Web Site

The CALAFCO web site is a vital resource for both LAFCos and the community with questions about local government in California. The site consistently attracts between 5,500 and 6,500 visits per week. The vast majority of the visits are for the reference and resource materials found on the site and referral information to member LAFCos.

List-Serves

The list-serves maintained by the Association continue to be an important communication and information sharing tool among LAFCo staff. In total, we maintain eight list serves to help members share information, materials, and expertise. The List-Serves for executive officers, analysts, clerks and counsel discussions remain the most popular and serve to foster the sharing of information and resources. It is important for you to advise CALAFCO when your staff changes so the list serves can be kept up to date.

Quarterly Updates

After each Board meeting, the Association's Executive Director creates and distributes through the list serves a Quarterly Report on the activities of the Board and Association. As The



Sphere is an annual newsletter, these Quarterly Reports contain more information, a special feature highlighting Associate Members and local LAFCo updates. These bulletins provide informational updates in a timelier manner and at less cost to the Association.

White Papers

On December 31, 2017, CALAFCO published the White Paper *State of the Art on Agricultural Preservation*. This White Paper was created in partnership with the *American Farmland Trust* (AFT). CALAFCO thanks the volunteers who worked on this paper: *Christine Crawford* (Yolo LAFCo), *David Fey* (Fresno LAFCo), *Elliot Mulberg* (Associate Member), *Neelima Palacherla* (Santa Clara LAFCo), *Serena Unger* of the AFT, and the team at *Best Best and Krieger*.

Additionally, CALAFCO completed the project of mapping all of the disadvantaged unincorporated communities (DUCs) throughout the state at the census block group level. This map is posted on the CALAFCO website. The map is not intended to replace or supersede any DUC maps produced by any LAFCo. It is simply a statewide snapshot to ensure compliance with statute for all LAFCos. CALAFCO will update the map every five years. We wish to thank *Joe Serrano* of Monterey LAFCo for his help in completing this critical project.

LEGISLATIVE PROGRAM

The Board began this legislative year with the commitment of a small Omnibus bill and sponsoring only one other bill which was to provide LAFCos state grant funding.

The CALAFCO Legislative Committee (Committee) began work in November 2017 and met regularly through June 2018.

CALAFCO ended the year tracking a total of twenty-four (24) bills, sponsoring two (2)

bills and taking formal positions on sixteen (16) bills.

Thorough legislative updates are provided in each Quarterly Report and throughout the year via email. In this Annual Report we will summarize the two CALAFCO sponsored bills. A broader legislative discussion on the most critical of bills affecting LAFCo will occur during the Annual Conference – check your program for details. For a complete list of CALAFCO bills, please visit the CALAFCO website Legislation section. Information is updated daily.

The reduced legislative focus included sponsoring a very small Omnibus bill. This year's bill contained all of the items that were left on the cutting room floor from the 2017 Omnibus process. We are grateful to Committee member *Paul Novak* (LA LAFCo) and Assembly Local Government Committee (ALGC) consultants *Misa Lennox* and *Jimmy MacDonald* for their efforts in shepherding this bill, and to all of you who did the work of submitting proposals for insertion into the Omnibus. *AB 3254* was signed by the Governor on July 9 and takes effect January 1, 2019.

The other CALAFCO sponsored bill this year was *AB 2258* (Caballero). Ultimately vetoed by the Governor on September 18, the bill created a one-time, five-year state grant funding program for LAFCos. This bill was a follow up response to the 2017 Little Hoover Commission report and one of their recommendations.

The Strategic Growth Council (SGC) was to administer the grant program. Grant funds were to be used specifically for conducting special studies to identify and support opportunities to create greater efficiencies in the provision of municipal services to disadvantaged communities; to potentially initiate actions based on those studies that remove or reduce local costs thus incentivizing local agencies to work with the LAFCo in developing and implementing reorganization plans; and the dissolution of inactive districts





(pursuant to SB 448, Wieckowski, 2017). The grant program was set to sunset on July 31, 2024.

Seemingly having nine lives and taking CALAFCO on a wild roller coaster ride, this bill went through six different sets of amendments. We encountered strong resistance from the CA Special Districts Association and a number of their members, which ultimately led to a compromise on the protest provisions portion of the bill after it was successfully moved out of the Senate Governance and Finance Committee with our protest language intact. However, as a result of this committee, a number of other amendments were taken to move the bill, including narrowing the scope of the service providers to those serving disadvantaged communities. Senate Natural Resources and Water Committee also required an amendment to move the bill which required the SGC give preference to LAFCoS whose decisions have been aligned with the goals of sustainable communities strategies.

Unsuccessful in securing a \$1.5 million allocation in the Annual Budget Act to pay for the program, we then put the funding into the bill as an allocation from the General Fund. As the bill passed through the Legislature, we were informed that General Fund allocations are not likely to get signed. In order to have a stronger chance at securing a signature, the author and CALAFCO decided it was best to remove any funding allocation, keep the grant process intact, and try again next year to obtain the allocation in the Annual Budget Act.

Unfortunately, the Governor did not agree with this thinking and stated in his veto message, *“this new spending proposal should be evaluated in the annual budget process where it can be weighed together with the state’s other spending priorities.”*

Even though the bill was not signed into law, CALAFCO can and should be proud of our efforts. We stood up strong in the face of adversity, proving to many that we are a viable

force to be taken seriously. We are learning how to tell our story effectively. Along the way we made new alliances, strengthened others, and tested a few. In the end we made it all the way to the Governor’s desk with a bill that while it had no funding, had a process that was reasonable and impactful to LAFCoS and to disadvantaged communities.

The CALAFCO Board wishes to thank everyone who wrote letters of support along the way and letters requesting the Governor’s signature; to the ad hoc legislative committee who worked in creating the original process (Board members **Bill Connelly** and **Shiva Frentzen**, and Leg Team members **Steve Lucas**, **Bill Nicholson** and **Luis Tapia**), and a very special thank you to Board member **John Leopold** and Executive Director **Pamela Miller** for all of their work in helping drive this bill through to the Governor’s desk.

The Board will now evaluate the process we went through for lessons learned and to decide if there is enough value in pursuing this again in the next legislative year.



We also want to thank all of the people who volunteer to be a part of the Legislative Committee, the Legislative Advisory Committee and to all of the LAFCoS who respond to our call for legislative action by writing letters to Sacramento.

FINANCIAL POLICIES AND REPORTING

The Board maintains policies and current filings which are in compliance with all federal and state requirements for 501(c)(3) organizations. The CALAFCO Policy Manual, IRS Form 990 and other key Association documents are available on the CALAFCO web site. The Association also maintains its records with the national nonprofit reporting organization, GuideStar (www.guidestar.com). In 2018 CALAFCO earned the *GuideStar Exchange Platinum Seal* in recognition of its transparency and completeness in documentation. This is the

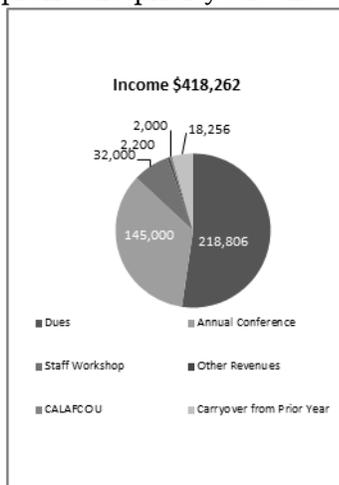


highest level of achievement seal an entity can earn from GuideStar.

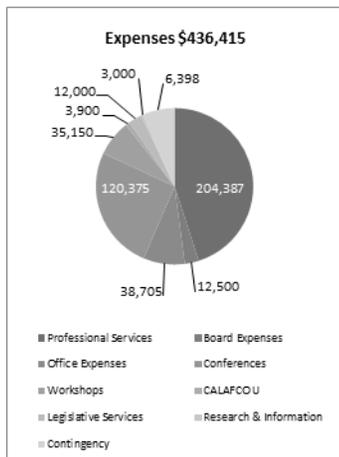
All financial records are reviewed quarterly by an outside CPA with reports to the Treasurer and the Board. The Board also reviews the annual IRS Form 990 tax filing prepared by the CPA and staff.

2018-19 Budget

The Board continues to manage the financial resources of the Association closely. As was reported last year, we continue to have an unsustainable reliance on the Conference net profit and prior years' net balance to balance the



The member dues have never covered the operational costs of the Association, and as those costs increase, the increase in dues has not kept pace causing the gap to continue to grow. While the 2017 Conference realized a net profit of 24%, it was not enough to fill the gap.



The adopted FY 2018-19 budget has income at \$418,626 and expenses at \$436,415. This is a gap of \$18,153. In May, the Board unanimously adopted this budget after considering several options,

including reducing expenses by cutting the hours of the Executive Director. The Board is hopeful the gap can be closed with a higher than budgeted Conference net profit and various expense savings throughout the year.

The Board is committed to conducting a thorough financial review in February during the biennial strategic planning retreat, which is the mid-year point. At that time, the Board will decide if cuts need to be made to prevent the use of reserves to balance the budget. During this meeting the Board will also entertain recommendations from the ad hoc financial committee (put in place in October 2017). The charge of the ad hoc committee has been to recommend ways to close the budget gap both short and long term by looking at expenses and revenues.

The Board will provide an update to the membership during the annual business meeting and seek input from our member LAFcos during the subsequent regional roundtable discussions on the work being done to close the budget gap.

Restricted Fund Reserve

Since 2005 an important goal established by the Board has been to grow and maintain a Fund Reserve to support member services in uncertain economic times and to avoid the need to tap members for additional funds, as had been done in the past. CALAFCO began the last fiscal year by transferring \$4,000 to the Fund Reserve making the current balance in that account \$162,754, about 60% of the annual operations budget outside of the Conference, Workshop and CALAFCO U. The reserve is not part of the annual budget and requires a vote of the Board to use its funds. The Association has not used the fund reserve since the early 2000s. This year, however, the Board voted to approve the annual budget using a small portion of reserves to balance the budget.

CALAFCO maintains its funds with the Local Agency Investment Fund (LAIF). Interest rates have turned and are slowly on the increase.

All financial reports, including budgets and annual tax filings, are available to the membership on the CALAFCO website as well as on GuideStar's website.



ASSOCIATION MANAGEMENT

Board Member Activity

Earlier in the year the Board received the resignation of Board member William Kirby (Placer), representing the central regional city seat. Director Kirby lost his LAFCo seat as a result of term limits in his LAFCo for that seat. His vacancy will be filled during this year's caucus.

New Associate Member

We are proud to welcome one new Silver Associate member to the Association this past year. Joining CALAFCO as a Silver member is ***Pacific Gold Agriculture, LLC***. They will be featured in the next Quarterly Report to the membership. CALAFCO thanks all of our Associate Members. We truly value your partnership.



A FINAL THANK YOU

We wish to thank ***Carolyn Emery*** (Orange) who served the past two years as Deputy Executive Officer (DEO) representing the southern region. We welcome ***Keene Simonds*** (San Diego) who will step in as the southern region's DEO effective October 5, 2018.

Finally we want to recognize the leadership of our Executive Director ***Pamela Miller*** and Executive Officer ***Steve Lucas*** (Butte). Added to that is our appreciation for all the contributions of Executive Assistant ***Jeni Tickler*** in the CALAFCO office, DEOs ***Carolyn Emery*** (Orange), ***Christine Crawford*** (Yolo) and ***Martha Poyatos*** (San Mateo), Legal Counsel ***Clark Alsop*** (BB&K), and CPA ***Jim Gladfelter*** (Alta Mesa Group). These people, along with many other volunteers, Associate members, and members of the Board have all worked together this year to bring many achievements and a strong Association to you, our member LAFCos and Associate members.

Sincerely Yours,

The CALAFCO Board of Directors





Thank You to All of Our Associate Members

CALAFCO GOLD ASSOCIATE MEMBERS



CALAFCO SILVER ASSOCIATE MEMBERS

*Berkson Associates
City of Fontana
City of Rancho Mirage
County Sanitation Districts of L. A. County
Cucamonga Valley Water District
Dudek
E. Mulberg & Associates
Fresno County Fire Protection District
Goleta West Sanitary District
Griffith & Matsuda, a Professional Law Corp.
HdL Coren & Cone
LACO Associates*

*Lamphier-Gregory
Marjorie Olsson Blom Consulting
Meijun, LLC
P. Scott Browne
Pacific Gold Agriculture, LLC
Peckham & McKenney, Inc.
Planwest Partners, Inc.
Policy Consulting Associates
QK
Rancho Mission Viejo
Rosenow Spevacek Group (RSG)
Santa Ynez Community Services District*



LOOKING AHEAD....



CALAFCO 2019 Staff Workshop

April 10 - 12
Holiday Inn San Jose
Hosted by Santa Clara LAFCo

CALAFCO 2019 Annual Conference

October 30 - November 1
Hyatt Regency Capitol Park
Sacramento, CA

CALAFCO 2020 Annual Conference

October 21 - October 23
Hyatt Regency
Monterey, CA



The Sphere

CALAFCO Journal

CALIFORNIA ASSOCIATION OF LOCAL AGENCY
FORMATION COMMISSIONS

1215 K Street, Suite 1650
Sacramento, CA 95814

www.calafco.org



CALAFCO provides educational, information sharing and technical support for its members by serving as a resource for, and collaborating with, the public, the legislative and executive branches of state government, and other organizations for the purpose of discouraging urban sprawl, preserving open-space and prime agricultural lands, and encouraging orderly growth and development of local agencies.

Sharing Information and Resources

The Year In Pictures - Scenes from CALAFCO Activities

CALAFCO Annual Conference 2017

San Diego, CA



CALAFCO Annual Staff Workshop 2018

San Rafael CA

