

MEMORANDUM

DATE: September 9, 2021

TO: Member LAFCo Executive Officers
CALAFCO Associate Members

FROM: Pamela Miller, Executive Director

RE: **CALAFCO 2021 Annual Business Meeting Notice and Agenda**

CALAFCO Bylaws (§3.4) require the Association to notify each Member LAFCo and Associate Member of the Corporation of meetings, not less than 30 days prior to that meeting.

NOTICE

The Annual Meeting of the California Association of Local Agency Formation Commissions will be held at 9:00 a.m. on Thursday, October 7, 2021. The Annual Meeting will be preceded by the Election Committee virtual meeting at 8:00 a.m. for the purpose of counting the e-ballots electing members to the Board of Directors. The Annual Meeting will be held virtually via Zoom webinar with access information located at the top of the meeting agenda, which is attached.

CALAFCO Bylaws (§3.7.1) also require each Member LAFCo designate in writing their voting delegate prior to or at the meeting. If you have not done so, please e-mail the name of your delegate to the Executive Director prior to the meeting. An updated list of voting delegates is being maintained in the members section of the website.

Thank you for sharing and discussing this information with your Commission. Please contact me with questions or for additional information.

CALAFCO 2021 Annual Meeting

Thursday, October 7, 2021

ANNUAL MEETING

9:00 a.m. to 11:00 a.m.

Virtual via Zoom

<https://us02web.zoom.us/j/86955254717?pwd=N2xyWXNKZStVenBpbER0emJuczJ6Zz09>

Meeting ID: 869 5525 4717

Passcode: 449731

Phone: 669-900-6833

ANNUAL MEETING AGENDA

1. Call to Order/Roll Call of Member LAFcos Michael Kelley, Chair
2. Approve Minutes from the October 31, 2019 CALAFCO Business Meeting at the Hyatt Regency, Sacramento, CA.
3. Introduction of Board Members elected by e-ballot Gay Jones
Elections Committee Chair
4. Election for any at-large seats to the Board of Directors Gay Jones
Elections Committee Chair
 - 4.1. Nominations from the Floor
 - 4.2. Candidates Forum
 - 4.3. Voting Process
5. Acknowledgement of Associate Members Pamela Miller, Executive Director
6. Report from the Board of Directors on significant Association activities for 2020-21 Executive Board Members
7. New Business
8. Presentation of Annual Achievement Awards Anita Paque & Josh Susman
Awards Committee Chair & Member
9. Comments from CALAFCO Members
10. Announcements

Adjourn to the 2022 Annual Business Meeting, Thursday, October 20, 2022, at 9:00 a.m. at the Hyatt Regency Newport Beach John Wayne Airport, CA.



2019 Annual Business Meeting
DRAFT MINUTES

Meeting of October 31, 2019
Hyatt Regency, Sacramento, CA

1. Call to Order/Roll Call

Josh Susman, Chair of the CALAFCO Board of Directors, called the meeting to order at 9:10 a.m. and led the membership in the pledge of allegiance. He asked Stephen Lucas, CALAFCO Executive Officer to call roll. The following CALAFCO Member LAFCoS were in attendance for roll call:

Alameda	Madera	San Diego
Amador	Marin^	San Joaquin
Butte	Mariposa	San Luis Obispo
Calaveras	Mendocino	San Mateo
Colusa	Merced	Santa Barbara
Contra Costa	Modoc	Santa Clara
Del Norte	Monterey	Santa Cruz
El Dorado	Napa	Solano
Fresno	Nevada	Sonoma
Glenn	Orange	Stanislaus
Humboldt	Placer	Sutter
Imperial	Plumas	Tulare
Kern	Riverside	Ventura
Lake	Sacramento	Yolo
Lassen	San Benito	Yuba
Los Angeles	San Bernardino	

With 46 member LAFCoS in attendance, a quorum was established.

^ Indicates not present at the time of roll call but was present for subsequent voting on item 7.

2. Approve Minutes from the October 4, 2018 CALAFCO Business Meeting at Tenaya Lodge, Fish Camp CA

Upon a motion from Santa Clara LAFCo and seconded by Orange LAFCo, the October 4, 2018 Business Meeting minutes were unanimously approved.

3. Introduction of Board Members Elected by Regional Caucuses

Nominations Committee Chair Shiva Frentzen congratulated all newly elected and re-elected Board members and thanked everyone who ran for office. She announced the newly elected/re-elected members of the Board of Directors as follows:

SOUTHERN REGION	CENTRAL REGION
Michael Kelley* (County), Imperial	Daniel Parra* (City), Fresno
Jo MacKenzie* (District), San Diego	Anita Paque* (Public), Calaveras
COASTAL REGION	NORTHERN REGION
Margie Mohler* (City), Napa	Bill Connelly* (County), Butte
Tom Murray (Public), San Luis Obispo	David Couch (District), Humboldt

* Incumbent

4. Election of any At-Large Seats to the Board of Directors

There were no open seats.

5. Introduction of Associate Members

Executive Director (ED) Pamela Miller introduced the Associate Members and thanked them for their partnership and support of the Association.

6. Report from the Board of Directors on Significant Association Activities in 2019

Treasurer Shiva Frentzen began her report by noting FY 2018-19 ended with a net balance due in part to the large net profit realized from the 2018 Annual Conference (42%), with some savings in the budget realized by staff. The adopted budget for FY 2019-20 is balanced due to that net balance carryover and the 16.25% dues increase, both of which help to cover the looming deficit. Treasurer Frentzen reported operational expenses (excludes Conference, Workshop and CALAFCO U expenses) are budgeted close to \$280,000.

Secretary Mike Kelley reported on the Association's highlights in the areas of education and communication for the year. We continued the tradition of quality education programming with the Staff Workshop held in San Jose in April and the Annual Conference in Sacramento this October. The Workshop, hosted by Santa Clara LAFCo, brought together 100 LAFCo staff and guests from around the state, representing 40 LAFCos and four Associate member organizations.

He noted approximately 250 LAFCo commissioners, staff and guests were expected at the current Conference and thanked the program committee and all Conference sponsors. He also noted for the first time we have a Conference app, and thanked CV Strategies for sponsoring the app. Secretary Kelley also reported on the two CALAFCO University sessions being offered between July 2019 and January 2020.

Secretary Kelley noted the communication tools CALAFCO uses include the eight list serves, website, and quarterly reports to the membership.

Vice Chair Mike McGill gave the Association's legislative report and began by thanking all of the volunteers on the Legislative Committee (Committee). He reported the Committee began work in October 2018 and met regularly through July 2019. CALAFCO ended the year tracking a total of twenty-four (24) bills, sponsoring two (2) bills and taking formal positions on nine (9) bills. In addition, we worked closely with authors' offices on several other bills to successfully avoid harmful LAFCo related amendments on bills moving through the Legislature.

Vice Chair McGill noted CALAFCO also participates on the Department of Water Resources' County Drought Advisory Group (CDAG) and convened the working group on the protest provisions rewrite. As a follow up to the 2017 Little Hoover Commission report and recommendations and in light of growing pressure from the Legislature, the working group is tasked to look at potential rewrites of various protest provision statutes within CKH and is a multi-agency and diverse working group with 19 people.

He reported the Governor signed AB 1822, the Omnibus bill which contained seven updates to CKH. The other CALAFCO sponsored bill this year was AB 1253, which provides state funding for LAFCo. Since Governor Brown vetoed AB 2258 last year, the Board unanimously supported making this a priority again this year. With the potential of \$2 million on the table for LAFCos to study and potentially reorganize service providers with documented known service and governance concerns serving disadvantaged communities and all LAFCos getting reimbursement for the unfunded mandate related to SB 448 (mandatory dissolution of inactive districts), the Board felt it was important to try again with a new Governor. Ultimately the funding did not make it into the FY 2019-20 budget and the author decided to hold off one more year and try to secure the funds in the FY 20-21 budget.

7. New Business

7.1. Consider and approve Board of Directors recommended changes to Association dues, dues structure, and By-Laws

Chair Susman opened the item. He noted at the October 26, 2017 Annual Business meeting, the Board reported they were beginning a close look at the Association's ongoing structural budget deficit. This included creating an ad hoc finance committee to look at both short term and longer-term solutions including a revision to the current dues structure. Regular updates have been provided to the membership on the discussions, deliberations and recommendations of the ad hoc committee to the Board, and the Board's subsequent decisions. A short term (one year only cost-sharing for FY 2019-20) plan was implemented to close the structural deficit for FY 2019-20 that included a 16.25% flat increase per LAFCo in member dues and the use of a substantial portion of the net profit from the 2018 Annual Conference. The long-term solution is a revision of the current dues structure as presented to the membership for consideration today.

He went on to say on behalf of the Board they feel very strongly about and agree to three principles:

- Consider the sustainability of CALAFCO;
- A fair and equitable dues structure; and
- Retain a single, whole and unfractured organization.

The Board in their deliberations over the past 18 months considered 11 options and the one being presented today is unanimously supported by the Board. Chair Susman then opened the floor for comments from the membership.

There was a question from Calaveras LAFCo on whether there can be a waiver or reduction of dues if financial hardship. ED Miller explained the Bylaws permit this and read the provision into the record.

Julie Allen of Tulare LAFCo inquired if the Board would take the next year to revise its proposal making it more equitable, and if they are unable to do that to go back to the current dues structure.

Chair Susman explained the proposal on the floor is that which is before the membership and that the Board is committed to do a further review of how to make improvements. He explained there is still a structural deficit. If the proposal on the floor does not pass there will be a larger structural deficit to have to cover, leaving the Board to figure out how to close the growing deficit, which means an increase in dues under the current structure or reduction in services to decrease expenses.

Julie Allen of Tulare LAFCo then commented the appearance of inequality is huge and as a result was directed by her LAFCo to vote no.

Treasurer Frentzen added her request that people think about the fact that what is deemed equitable by one might not be deemed equitable by others, noting when the Board discussed what is equitable there were 16 different answers.

John Leopold of Santa Cruz LAFCo commented there are three variables in the formula that can be revisited and worked on by the Board and encouraged others to vote for the proposal today. He said the ad hoc committee, then the Board, put this together after a lot of work and this is a fair way to hear from the membership on the matter. After saying the members need CALAFCO he indicated Santa Cruz LAFCo is in strong support of the proposal.

Adele Lee of Glenn LAFCo noted that the northern region LAFCos will likely vote no because they can't even afford to send someone to the Conference.

Craig Geyer of Santa Barbara LAFCo asked if a Bylaws change requires a 2/3 vote or majority vote.

Legal Counsel Clark Alsop confirmed a majority vote is required.

Peter Johnson from San Joaquin LAFCo stated that an 82% increase is too much. He stated he is a big supporter of CALAFCO but noted the 82% increase (to pay \$10,000) when large LAFCos will be paying the same amount and have larger budgets is inappropriate. He also wondered why dues were a Bylaws issue as opposed to an outside policy.

Derek McGregor of Orange LAFCo asked what the meaning of Section 2.2.5 is in the Bylaws.

Clark Alsop responded that the definition of Officers of member LAFCos is in Section 2.1 of the Bylaws. It means that commissioners, executive officers, deputy executive officers, legal counsel or deputy legal counsel of any member LAFCo in good standing shall not, individually, have to pay dues, rather it is the member LAFCo that pays dues to CALAFCO.

Bill Connelly of Butte LAFCo explained that all the statements made this morning were indeed raised by the ad hoc committee that was charged with evaluating dues, noting he served on that committee for the last 18 months. No one person will be happy, he himself participated in the committee and isn't happy with certain parts. He explained the need for CALAFCO to have the funding to provide all the services the membership expects CALAFCO to provide.

James Scholz of Lake LAFCo commented he thinks that it should be based solely on population and does not understand why this isn't the way it was done.

John McGowan of Mendocino LAFCo mentioned the Ventura LAFCo proposal and thought it shows the inequities in the CALAFCO Board proposal at hand. Specifically, he noted if Ventura's numbers are correct, there is a \$2,574 increase to nine urban LAFCos, and that Mendocino LAFCos increase would be \$1,070. He went on to say that 45% of the total increase would be paid by nine LAFCos.

Vice Chair Jones commented that her LAFCo supports the proposal, noting it is intended to change the structure of the dues as included in the Bylaws. She explained the past history of the three categories of urban-suburban-rural that are the basis of the current dues structure and indicated the Association has outgrown the current model. She went on to explain the Board all agrees on three things: (1) there should be a population-based structure; (2) the structural deficit must be closed; and (3) we need to be less reliant on any Conference net profit to balance the budget.

Vice Chair Jones stated she served one the dues ad hoc committee and urged the membership to approve the dues structure. The variables in the formula can change based on future discussion.

Upon a motion by Santa Cruz LAFCo and seconded by Sacramento LAFCo, to approve the revised dues structure proposal on the table, the motion passed on a 38-10-10 vote.

YES: *Alameda, Butte, Calaveras, Colusa, Contra Costa, Del Norte, El Dorado, Fresno, Humboldt, Imperial, Lake, Lassen, Los Angeles, Marin, Mariposa, Merced, Modoc, Monterey, Napa, Nevada, Orange, Placer, Plumas, Riverside, Sacramento, San Benito, San Bernardino, San Diego, San Luis Obispo, San Mateo, Santa Clara, Santa Cruz, Solano, Sonoma, Stanislaus, Sutter, Yolo and Yuba.*

NO: *Amador, Glenn, Kern, Kings, Madera, Mendocino, San Joaquin, Santa Barbara, Tulare and Ventura.*

ABSENT: *Alpine, Inyo, Mono, San Francisco, Shasta, Sierra, Siskiyou, Tehama, Trinity and Tuolumne.*

Chair Susman noted that while the motion passed, the comments raised by the LAFCOs that voted no or expressed concerns have been heard. He committed that he and the Board will continue to work on the issue.

7.2. Other new business

There was no other new business.

8. Announcements/Comments

Chair Susman thanked the membership, CALAFCO staff and the Board, noting it was an interesting year for him as Chair of the Board.

Adjournment

Chair Susman adjourned the meeting at 10:12 a.m. to the 2020 Annual Business Meeting, Thursday, October 22, 2020, at the Hyatt, Monterey, CA.