CALAFCO Welcomes Tehama LAFCo to the Association

By Pamela Miller, CALAFCO Executive Director

The Association is proud to welcome Tehama LAFCo into the CALAFCO family. Located in the middle of the northern region, Tehama County’s population of approximately 63,000 enjoy just under 3,000 square miles of very diverse land. The Sacramento River cuts through the central portion of the county and is one of the largest salmon spawning rivers in the world. With more than 300 miles of trails (including 17 miles of the Pacific Crest Trail) and Lassen Volcanic National Park only forty-five miles to the east, Tehama County offers unlimited recreational opportunities. There are three incorporated cities (Tehama, Corning and Red Bluff), all of which are represented on the LAFCo Commission.

During my visit with Commission Chair Clay Parker (and Council-member for Red Bluff) and Executive Officer (EO) Sean Moore, AICP, I had the opportunity to drive through Red Bluff’s quaint downtown area. Aside from the “at-home” feeling I got, what impressed me the most was there were few vacancies in the stores and buildings lining downtown’s main street. I felt like I had taken a step back in time.

Having taken on the responsibility of chairing the Commission as a brand new Commissioner, Clay is now well into his second term as Chair. He enjoys the LAFCo work. “I want to make sure that our decisions don’t adversely affect any of our special districts, so we work hard to make sure that nothing falls through the cracks.”

As the County’s Planning Director, Sean in no newcomer to ag land preservation, which is an experience that benefits him in his role as EO. He says there are strong policies in place to help guide the LAFCo when dealing with significant issues such as water and future growth. When considering any future growth, Sean says, “We make sure we’ve fully planned ahead, and

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FROM THE CHAIR OF CALAFCO

Take a look at the intensity of issues currently facing our state – the lagging economy, scarce resources and a prolonged drought – and the vital mission of CALAFCO becomes increasingly clear. Suffice it to say that the foundational work we accomplished over the past 50 years was crucial but not nearly as important as the work we will do together over the next half a century. So the lessons learned in the past will be useful in molding our approach to the services we provide.

It has been especially great to work with Pamela Miller and glean from her a better understanding of our potential as an organization to assist the 58 counties we represent. She played a huge role in expanding our influence in the halls of the Capitol, as demonstrated by CALAFCO’s deep involvement in such landmark issues as the recent groundwater legislation, which will benefit California for decades to come.

Many of our past efforts will likely be seen as good practice for the tasks that lie ahead of us, since we can expect to confront some of the same issues over the coming years. It will again be prudent to work diligently with each standing administration to encourage a focus on steadfast fiscal responsibility and management of budgets that result in strong and secure reserves. On the flipside, we will need to demonstrate a willingness to prioritize our “wants” and take the lead in making tough decisions that preserve the state’s safety net.

So, in the same way we devoted last year to reflect upon the previous 50 years of CALAFCO accomplishments, it’s now time to shift our gaze to the future and make sure we continue to be an ongoing and reliable influence on the way California is governed. We have positioned our organization as the information hub for California counties, and that makes us a valuable resource to those who form statewide policy. We need to step up our efforts to be central to each conversation that has a pivotal impact on our counties and make certain we are there to offer up solutions.

Even as we move forward to take on these tasks, I want to pause long enough to express my gratitude for this opportunity to serve as your chair. Given the quality of CALAFCO’s staff and the dedication of its board, I have no doubt we will accomplish great things together.

Thank you,

Mary Jane Griego
Weaving the CALAFCO Blanket with the Threads of Diversity

I continue to be in awe of the diversity of our state and all of us who live here. The traces of what a melting pot California is are everywhere and undeniable.

One of my goals as the Association's Executive Director is to become and stay connected with all of you, our membership. In doing that, I gain a clearer perspective of the challenges faced in your respective areas and by your LAFCos, and also to better understand how those challenges are being successfully met.

During my first two years, I've been fortunate to visit nine LAFCos throughout all four regions, attend the Bay Area Executive Officers' meeting and the southern Region meeting, and talk with a number of our Associate Members. What I see and hear at each of these LAFCo meetings is truly representative of the diversity I'm talking about. The commissioners and staff, the people who attend the meetings, the Associate Members who provide services to LAFCos, and the issues that each LAFCo deals with are unique in their own right, yet connected by the thread of the collective mission of LAFCo and the desire to somehow improve on what is already a pretty good thing – this sometimes wacky and always wonderful state of ours.

Being that melting pot brings its own set of challenges and problems, many of which are dealt with by LAFCos. Albert Einstein said we cannot solve our problems with the same level of thinking we used when we created them. To solve the issues of today, we can no longer think our way out the same way we thought our way into them.

As we gather in Ontario this year, our conference focuses on shaping communities for tomorrow with innovative ideas today. We face many challenges today in our state – balancing growth with preservation of open space and ag lands; effectively managing our resources including water; providing for low resource communities; creating inclusion for all. Clearly today’s issues are more complex than the ones faced in the last 50 years. All the more reason that we must raise our level of thinking for the next 50 years. There is no better way to approach the diverse nature of our challenges than with a more diverse level of thinking. What we need is diversity of thought to face the new challenges. Think about it... the most sustainable solutions come from a composition of diverse perspectives and viewpoints. Often times when there are disagreements on a particular issue and robust discussions occur, the results are creative and innovative solutions – because diversity is a valuable source of innovation and creativity.

This is true if we are open to the possibilities and opportunities that can come from this way of thinking. You've no doubt heard the saying, “Think outside the box.” I challenge you to ask yourself, “What box? Where is the box?”

The reality is there is no box there. The box is something we have created for ourselves in the patterns of our own thinking. This is what Einstein is talking about – imagine the innovative and creative solutions that can come from totally unconstrained and diverse thinking – untethered by self-imposed constraints of possibilities.

It is that kind of thinking that will generate the solutions for today’s problems in creating the kind of communities for tomorrow that we all want. Solutions that will sustainable and systemic, diverse and inclusive.

I look forward to growing CALAFCO into an even stronger Association, for CALAFCO to be more of an instrument to facilitate the sharing of today’s realities and the ideas and solutions for tomorrow. I look forward to visiting more LAFCos and Associate Members in the coming year and beyond. So remember to leave the light on for me.

Pamela Miller
California Voting Rights Act Applies to Charter Cities, Allows Injunctions for Elections

By Ryan Thomas Dunn

The Los Angeles Court of Appeal recently upheld a preliminary injunction under the California Voting Rights Act (“CVRA”) against the charter City of Palmdale requiring an end to at-large elections for City Council to improve the electoral chances of minority candidates. In doing so, the court held charter cities were subject to the CVRA and even allowed a court to enjoin a regularly scheduled election in enforcing the act. Ironically, the election result to be enjoined produced the City’s first African-American Councilmember.

The plaintiffs in Jauregui v. City of Palmdale alleged the city’s at-large elections diluted votes of Latino and African-American residents in violation of the CVRA. Plaintiffs presented statistical evidence from expert witnesses and evidence only one Latino and no African-Americans had served on the Council in a city which is 54% Latino and almost 15% African-American. The trial court found a violation of Elections Code section 14027, which prohibits at-large elections which result in the “dilution or abridgment of the rights of voters who are members of a protected class,” here Latinos and African-Americans. The city did not challenge on appeal the factual findings of vote dilution.

Before a hearing on remedy, the plaintiffs sought to enjoin the city from conducting the November 2013 election on an at-large basis. The trial court granted the injunction, in part, which the Court of Appeal construed to enjoin only certification of election results rather than conducted the election. Palmdale held its election and the Court of Appeal then heard its appeal.

The city asserted two points on appeal: (1) the CVRA does not apply to charter cities; and (2) statute prohibits injunctions that prevent public officials from fulfilling ministerial duties, such as conducting elections.

In rejecting Palmdale’s contentions, the court considered whether the city’s charter provisions could contradict a state statute in this instance. The Court of Appeal agreed with the city that its charter’s at-large provision addressed a municipal affair, but found an actual conflict between the CVRA and the charter provision because that charter provision, as it applied to Palmdale, impairs the ability of a protected class to select candidates of its choice and thus amounted to illegal vote dilution. The court also held that, the CVRA addressed a matter of statewide concern because preventing vote dilution in any city “goes to the legitimacy of the electoral process.” The CVRA is also narrowly tailored, the court held, because it “can necessarily only interfere with municipal governance when vote dilution is present.”

The court also rejected Palmdale’s argument from state law prohibiting injunctions against performance of official duties, holding the CVRA provision allowing courts to “implement appropriate remedies” to allow the injunction against the City’s certification of the results of the at-large election of November 2013.

The City has sought review in the California Supreme Court. If the Supreme Court does not take the case, Jauregui will stand as strong precedent that charter cities are bound by the CVRA and that trial courts have wide discretion to prevent at-large voting when there is evidence of vote dilution, which in effect could prohibit at-large voting in cities with significant minority populations. It is notable that Palmdale did not challenge the finding of vote dilution on appeal, and the Jauregui court made no ruling on that point.

Plaintiffs’ lawyers are bringing cases under the CVRA against cities, school districts and other local governments around the State with significant minority populations to bring an end to at-large elections. Cities with diverse electorates which rely on at-large elections may wish to consult legal counsel about the requirements of the CVRA.

Ryan Thomas Dunn is an attorney for the law firm Colantuono, Highsmith & Whatley. For more information on this topic, contact Ryan at 213/542-5717 or rdunn@chwlaw.us.
The Smoke Has Cleared: How San Bernardino LAFCo Established Fire Protection Service to Baldwin Lake

By San Bernardino LAFCO

According to the California Department of Forestry and Fire Protection, there have been nearly 1,000 fires this year alone. While California and its firefighters face a perfect storm of hot temperatures and low precipitation, LAFCOs statewide are also facing heated discussions about fire protection.

Recently, San Bernardino LAFCO (“SB LAFCO”) successfully processed the annexation of the Baldwin Lake community to the Big Bear City Community Services District (“BBC CSD”). Needless to say this proposal was not a simple annexation. It was a complex reorganization resulting from multiple “sparks” throughout the years. The focus on fire service in the San Bernardino Mountain Region smoldered for over 20 years until the summer of 2014.

Background
The San Bernardino Mountain Region consists of several communities including the City of Big Bear Lake and the unincorporated communities commonly known as Big Bear City, Baldwin Lake, Erwin Lake, Lake Williams, Fawnskin, Sugarloaf and Moonridge. The overall territory encompasses approximately 65 square miles and within that area five (yes, five) service providers deliver fire service – three special districts, Cal Fire and the U.S. Forest Service.

Since the early 90s, our Commission has conducted meetings and negotiations with the local fire agencies: County Fire, Big Bear Lake Fire Protection, a subsidiary district of the City of Big Bear Lake, and the Big Bear City Community Services District (“BBC CSD”).

Throughout these discussions our staff emphasized the position of State law and SB LAFCO that efforts for change should revolve around simplifying the delivery of fire protection and emergency medical response by moving toward a single fire service provider. It has been a long -- some might even say rigorous -- journey but small victories have been achieved. The 2011 service review of the San Bernardino Mountain Region really put the spotlight on the benefits of a single, regional service provider for these communities.

One of the most recent triumphs as a result of the service review was the creation of the Big Bear Fire Authority (a Joint Powers Authority composed of the Big Bear Lake Fire Protection District and BBC CSD). The 2012 collaborative effort phased in historical feats including the shared use of a fire chief and administrative staff and blending of operations and resources. Yet, with these meetings hitting a dry-spell as of late, a new fire burst onto the scene in the shape of an application to form a new independent fire district.

Small Mountain Community
Baldwin Lake is a small yet dense mountain community with approximately 2,000 residents. Even though Baldwin Lake was within the service boundary of County Fire, residents wanted to have local control and eventually formed their own non-profit volunteer fire department in 2007. Similar to other local organizations around the state, the economy impacted the small community. The Baldwin Lake Volunteer Fire Department
continued to face depleting revenues - only to be subsidized by a handful of resourceful residents. However, as the financial drought became more prominent and resources dwindled, the volunteer department feared possible reduction in service delivery. The community sought a sustainable government structure, and independence was at the top of the list. In April 2013, six years after the department was initially formed, members of the Baldwin Lake community submitted an application to SB LAFCO to reorganize the delivery of fire protection and emergency medical response within their community by registered voter petition. The original proposal envisioned the creation of a new independent fire protection district for the Baldwin Lake community with an independently-elected board of directors to take over responsibility for the volunteer fire department. More importantly, the reorganization would include detachment from County Fire with a transfer of property taxes and the imposition of a special tax to provide for a consistent revenue stream (i.e. property taxes).

After reviewing the specific formation guidelines adopted by the Commission and discussing staff’s recommendations, the Commission modified the proposal to consider annexation to the Big Bear City CSD first and determined that if the annexation to the BBC CSD and its related changes were terminated due to protest, that the Commission would authorize the waiver of the one year filing restriction on a substantially similar proposal (i.e. formation of a new district).

LAFCO Outreach & Community Input
The Commission’s approval to modify the proposal also directed staff to conduct a community meeting and request resident feedback through mailed surveys. Over 60 residents attended the workshop and approximately 50 survey responses were sent back to SB LAFCO. The circulated survey had two simple questions: (1) Which option would you prefer (a) Annexation to the Big Bear City CSD with a cost of approximately $120 per developed parcel; (b) Formation of the Baldwin Lake Fire Protection District with an estimated cost of $180 per developed parcel or (c) Status quo under County Fire; and (2) Would you support the creation of a single fire provider within the mountain region – yes or no. In the end, the position taken in response to Question #1 did not provide a clear direction on the question of annexation; however, the support for a single fire provider for the area was overwhelming with 65% responses in favor of a single fire provider. Historically the communities, most notably Baldwin Lake, opposed inclusion within the BBC CSD.

Final Outcome
The Commission now possessed all the information available to make a sound decision. Following the June 2014 hearing, the Commission approved the annexation of the Baldwin Lake community to the BBC CSD. As we all know in the LAFCO world, the fun was not over yet. Staff did not receive any new information during the 30-day request for reconsideration but did receive several petitions during the protest period. To the surprise of several status quo proponents and some annexation supporters, only 2.19% of landowners (totaling 1.30% land value) and 1% of registered voters opposed the reorganization: the decision was final. After the smoke cleared, the residents of Baldwin Lake got what they wanted and were now part of a sustainable government entity.

So why is this important? The potential formation of another fire district would add only another provider to an already complex situation. Additionally, the residents within the mountain area historically viewed themselves as individual communities and scoffed at merging any sort of service or entity. Yet, for the first time these residents voiced consensus for proper service delivery. In hindsight as communities mature and learn from past experiences, so do we as LAFCOs. While the Commission and staff suit up to battle the next fire, we see this reorganization as a long-awaited success story.

Today the skies are clear.
An Inconvenient Truth: What CEQA Requires, and Many LAFCo’s Ignore, in Preparing SOI Updates
Author: P. Scott Browne

Former Vice President Al Gore chose to title his award-winning documentary on global climate change “An Inconvenient Truth.” This title was chosen to reflect his perception that, while the fact of global climate change was clearly established by science, many, particularly in the political field, chose to deny or ignore it because it would require unpopular or expensive remedies. The film proceeds to depict the dire consequences if we continue to deny or ignore the problem of excess CO2 production.

We, in the small world of LAFCo land, have our own “inconvenient truth.” Though not as cataclysmic as global climate change, it nevertheless is an important issue that is, at least in my experience, being frequently ignored or denied because it would require burdensome expense and staff time, not to mention political will to do the right thing when something less would pass. That truth is that, in many instances, when LAFCo acts as lead agency and adopts a sphere of influence update, it should be preparing an environmental impact report (EIR) or supplemental environmental impact report (SEIR). As I will discuss below, I believe that is what the CEQA statute, CEQA guidelines, and case law frequently require. Yet I see very few EIRs being prepared in connection with sphere updates. The avoidance of EIRs persists because LAFCo sphere CEQA decisions are seldom challenged. Nevertheless, staff and commissioners should be aware that the practice puts your LAFCo at significant risk of losing if its sphere decision is challenged under CEQA in court.

Un fortunately, the Cortese Knox Hertzberg Act (CKH) imposes the responsibility for preparation of sphere updates primarily on LAFCo. Because it is LAFCo’s project, LAFCo by law is normally the lead agency for the update under CEQA.1 So unless a LAFCo can persuade the affected agency to assume that burden, it falls on LAFCo to comply with CEQA when preparing the update.

When faced with the task of acting as a lead agency on an SOI, the tendency is to take the simplest possible route. This usually means attempting to get by with a categorical exemption or negative declaration. I have heard a number of common justifications for this approach: 1) a sphere is just drawing lines on paper—how can that create significant environmental impacts? 2) the environmental impacts of any actual development will be reviewed under CEQA when the project moves forward so we don’t have to consider those impacts at this stage; 3) the sphere is hardly changed from the old sphere so we only have to look at the minimal impacts produced by the minor change in

Very few staff and even fewer Commissioners like preparing environmental documents, much less environmental impact reports. We at LAFCo are usually sheltered from the CEQA process by our limited role as a responsible agency of reviewing the environmental document prepared by the lead agency. We are therefore less familiar with the process of actually creating such documents and hesitant to embark on the major task that preparing an EIR may entail. EIRs are expensive, take significant staff time, delay completion of the project, and are frequently perceived as having limited or no impact on the final action. Therefore, quite understandably, the resistance to preparing such documents is high.

1 I certainly have seen LAFCo’s shift the responsibility for initial drafting of the SOI and CEQA document back on to the cities and occasionally other agencies. §56425(b) specifically discusses city applications for sphere updates. As long as the proper formalities of an actual application by the City are followed, then LAFCo may be able to properly limit its CEQA role to acting as a responsible agency for a City SOI update. However there is no similar authority for special districts. The only legal authority in CKH for district involvement is through a formal application for a “sphere amendment” pursuant to §56428. Even if that procedure were legally viewed as including a sphere update, few districts are willing to shoulder the burden of preparing their sphere update by initiating it as a sphere amendment.
the sphere line or 4) the impacts have all been addressed in the County/City's general plan and EIR and we can just refer to those documents in our negative declaration.

However inconvenient, the truth is that none of these justifications is, in my humble opinion, supported by the present state of CEQA law for most sphere decisions. If the LAFCo action is challenged, it would be likely be overturned.

Looking at the first justification, yes, in a literal sense, a sphere is a line drawn on a map and involves no direct physical change to the environment. However, the courts have long since dismissed this simplistic argument. As the California Supreme Court noted in the landmark case of Bozung v LAFCo, (1975) 13 Cal.3d 263, such “government paper shuffling” can have significant consequences in the real world. Whether a farm is included in a city or sewer district sphere can make the difference between its eventual conversion to McMansions or its preservation for agricultural production. See the Bozung v LAFCo case and City of Livermore v. LAFCo (1986) 184 Cal.App.3d 53. About the only situation where this argument almost always makes some sense is spheres for cemetery districts.

The second argument - that CEQA review can be minimal at the SOI stage because any development contemplated in the sphere will be subject to later environmental review - has also been rejected by the courts. The California Supreme Court in Bozung noted that CEQA requires that “at every level of government” decision makers take into account the effects on the environment of their decisions. Consequently the courts and CEQA guidelines make it clear that such later CEQA review cannot be used to avoid consideration of the broader impacts at the policy decision embodied in the sphere. This same argument was made with respect to general plan adoption and was strongly rejected by the courts. (Christward Ministry v. Superior Court (1986), 184 Cal.App.3d at page 194; see also Rio Vista Farm Bureau Center v. County of Solano (1992) 5 Cal.App.4th 351, 370-371)

The third justification for avoiding an EIR is to assume that the baseline for environmental evaluation is the existing sphere or general plan land-use designations. Then the only impacts that need to be considered are those aspects of the new sphere that constitute changes from the old sphere or that alter development contemplated by the general plan. This is frequently the scenario under the SOI "affirmation" approach.

The problem with this approach is that it also is inconsistent with the requirements of CEQA. The required baseline established in the CEQA guidelines §15152 is “the physical environmental conditions in the vicinity of the project, as they exist at the time the notice of preparation for the project is published...” The courts have made it very clear that it is not differences between planning documents that are to be evaluated in the environmental review. It is the difference between the future development permitted by the new or "affirmed" SOI plan with what is currently on the ground. (Environmental Planning & Information Council (EPIC) v. County of El Dorado (1982) 131 Cal.App.3d 350, 358) Even where land has been designated for urban development for many years and is a part of an existing SOI, if it is still undeveloped and the sphere plan will facilitate its development, then the environmental analysis for the SOI update must consider the impacts of that development. This means that an EIR is almost certainly required where any significant undeveloped land is included in the sphere for cities and for other agencies that are providers of services such as sewer or potable water that are critical for development.

The final refuge from the dreaded EIR is commonly to rely upon or incorporate the applicable city or county general plan EIR into a negative declaration for the sphere environmental analysis. That general plan EIR can presumably take care of all of the indirect growth-inducing impacts facilitated by the service expansion proposed in the sphere since the impacts of that growth were already addressed by the county or city in the EIR. LAFCo can then simply adopt the negative declaration with that incorporation and move on.

This can work in some limited circumstances where the EIR being relied upon is reasonably current and finds that there are no unavoidable significant impacts remaining after mitigation. Such a finding is rare in EIRs for general plans.
Almost every general plan EIR that I have encountered makes a finding that certain impacts - even after mitigation - such as farmland conversion, impact on air quality, impact on wildlife or traffic, are significant and unavoidable. The agency is then required to make an overriding finding under PRC§21083 and 15093 of the CEQA Guidelines. These regulations require a finding of social or economic considerations that justify approval of the project notwithstanding the significant unavoidable impacts that will result.

If a LAFCo wants to rely upon an EIR that does identify significant and unavoidable environmental impacts from the planned growth, both case law and the statute make clear that such reliance can only be done in the context of another EIR or Supplemental EIR (SEIR), if the subsequent project will contribute to those unavoidable significant impacts. This is because it is only through the EIR process that the LAFCo can make overriding findings to address the unavoidable significant impacts identified in the EIR being relied upon. As the Court of Appeal said in Communities for a Better Environment v. Resources Agency (2003) 103 Cal.App.4th 98

“Even though a prior EIR’s analysis of environmental effects may be subject to being incorporated in a later EIR for a later, more specific project, the responsible public officials must still go on the record and explain specifically why they are approving the later project despite its significant unavoidable impacts.” (id at pg 124-125)

See also PRC Section 21094 which authorizes tiering off EIRs and specifically Subdivision (a)(2) which was amended in 2010 to allow agencies to incorporate the overriding findings from a prior EIR in a subsequent tiered EIR or “focused EIR.” This does not allow use of a negative declaration as the base for such findings. See also Guideline sections 15175 to 15179.5 which authorize tiering off a Master EIR but only allow use of a negative declaration where all impacts can be mitigated below the level of significance and the Master EIR is less than 5 years old.

The good news is that the supplemental EIRs (SEIRs) or focused EIRs required for such SOIs are often much simpler than the massive general plan EIRs that they rely upon. For most impacts, the SEIR or Focused EIR can simply summarize the general plan EIR and repeat their conclusions. Issues arise when the SOI contains territory not covered by the general plan EIR. This may require referring to more than one general plan EIR or supplementing the analysis for the additional territory. Here again, because of the relatively “high level” and broad nature of SOIs, the environmental impacts can be analyzed in a fairly broad fashion.

Another issue arises when the general plan EIR being relied upon was done before greenhouse gas emissions (“GHG”) were required to be analyzed. CEQA Guidelines §15064.4 setting forth the required GHG analysis under CEQA was adopted in 2009, effective in 2010. If the EIR being relied upon was prepared without that analysis, LAFCo would be required to do a GHG analysis of the growth facilitated by the extension of services proposed in the SOI as part of the SEIR.

Notwithstanding these complications, case law and current CEQA guidelines all point to the need to do an EIR or SEIR for most spheres of influence that propose extension of public services to undeveloped areas that will facilitate or induce urban development. We ignore this inconvenient truth at our peril.

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Welcome Tehama LAFCo

Continued from cover

everything is in place to effectively and efficiently handle that growth.”

When asked about the LAFCo’s challenges, Tehama LAFCo is not unlike many others. They are focusing efforts in service reviews and trying to get a clear picture of the spheres and services of their many special districts. Tehama is a small LAFCo that sees few applications; Sean indicates that when they do get one, it is typically an unusual situation.

Both Sean and Clay appreciate the resources available to them as an Association member, especially the EO list serve. For the first time, this year we will welcome Tehama to the Annual Conference as a full LAFCo Member and Voting Delegate; Tehama’s Vice Chair and County Supervisor Bob Williams will participate as a panelist in one of the breakout sessions.

CALAFCO Associate Member Corner

CALAFCO deeply appreciates our Associate Members and, beginning with this Edition, we will highlight several of our Associate Members in each Newsletter.

This past year we welcomed several new Associate Members. All of these members’ contact information is in the CALAFCO Directory as well as on the CALAFCO website.

Gold Associate Member

Project Resource Specialists

We want to acknowledge Harry Ehrlich and Project Resource Specialists, which recently transitioned from a Silver to Gold Associate Member. Project Resource Specialists provides management and legislative support to all levels of local government including Municipal Service Reviews, agency organization, and project management support.

Silver Associate Members

HdL Coren & Cone

HdL Coren & Cone provides property tax services to cities, counties and special districts. They are very familiar with county property allocation systems and redevelopment (and its dissolution). They have property tax data in 40 California counties going back as far as 25 years.

Planwest Partners, Inc.

Planwest Partners Inc. provides contract LAFCo staffing services to multiple LAFCos. This includes preparing and conducting Municipal Service Reviews and SOI updates, public noticing, environmental documents, GIS, fiscal and economic studies, website management, application processing, facilitation and training. George Williamson is the Principal at Planwest Partners.

Regional Government Services Authority (RGS)

RGS’s model is a perfect fit for new city/district start up or LAFCo seeking alternative commission staffing. They are a JPA providing Interim & Long Term public agency professionals including: HR, Payroll or Finance.

SWALE Inc.

SWALE’s services include efficient analysis of boundaries and districts in MSRs; knowledgeable solutions to water resource issues; collaboration with Commissioners and elected officials; creative and inclusive methods of engaging the public; experienced problem solving for land-use issues; readable maps using GIS; and straightforward fiscal and economic studies; all powered by the SWALE Inc. Consulting Team.

These summaries are written by the Associate Members themselves, not CALAFCO, and can be found in the Membership Directory Associate Members section.
Dear CALAFCO Members:

We are proud to report to you that the Association continues as a strong, vibrant educational resource to members and as an advocate for LAFCo and LAFCo principles to statewide decision makers. In 2014 the Association maintained a high level of educational services as well as a healthy agenda of legislative issues. During the year we saw active involvement of LAFCOs from around the state and had the pleasure of welcoming Tehama LAFCo into the Association! We remain proud of both the program quality and participation in the Staff Workshop and the CALAFCO U courses. San Bernardino LAFCo and the Annual Conference planning committee have done an outstanding job with the 2014 Conference. Finally, the Association remains on solid financial ground. The 2014/2015 adopted budget maintains member service levels and retains a healthy reserve.

Our achievements continue to be the result of the dedicated efforts of the many volunteer LAFCo staff who contribute their time and expertise. The Board is grateful to the Commissions that 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 to encourage more participation.

EDUCATIONAL SERVICES AND COMMUNICATION

CALAFCO educational and information sharing services are the Board’s top priority for member services. The Association focuses its resources in four areas: the Staff Workshop, Annual Conference, CALAFCO University courses, and electronic resources including the web site and the member list-serves.

Staff Workshop and Annual Conference

We continued the tradition of quality education programming with the Staff Workshop held in Berkeley in April and the Annual Conference in Ontario in October. The Workshop, hosted by Alameda LAFCo with support from the Bay Area LAFCos, brought together 106 LAFCo staff from around the state for a three-day workshop at the DoubleTree by Hilton in the Berkeley Marina. With 42 LAFCos and 6 associate member organizations represented, it was one of the higher workshop attendances. An exceptionally diverse program centered on the theme “Building Bridges to the Future: Collaboration and Cooperation.” This year’s program included a range of both technically-oriented topics and professional development topics, including collaborating and influencing others, creating and delivering more effective staff reports, two sessions on MSRs, and a look back as we walked with LAFCo “dinosaurs”. Again this year a special series of sessions was specifically designed by and for clerks. The distinctive mobile workshop was a boat tour of the new span of the Bay Bridge with a very unique and close-up look at the new part of the bridge. The workshop closed with a unique legislative panel consisting of legislative representatives of our sister Associations: League of CA Cities, CSAC, and CSDA. We would like to thank Steve Lucas (Butte LAFCo) who chaired the Program Committee, Mona Palacios and Sandy Hou (Alameda LAFCo), and all who worked to make this an outstanding staff workshop.

Over 200 LAFCo commissioners and staff are expected at the 2014 Conference in Ontario. Hosted by San Bernardino LAFCo, the program centers on the theme “LAFCo the Next 50 Years: Shaping Communities for Tomorrow With Innovative Ideas Today” and includes a range of sessions focused on sharing creative and innovative perspectives on facing the challenges of tomorrow. Sessions include a close look at water, in particular groundwater basins and new state legislation governing them, as well as policies and practices for water supply and analysis. Other sessions include using next generation technology, understanding the complex world of cyber security, looking closely at LAFCos’ relationships with JPs and CCOs, the protection of our mineral resources, hearing best practices on shared services and conducting SOIs, gaining skills in engaging the public in LAFCo actions, and better understanding how to create staff performance evaluation processes that create value. The conference will open with a “walk with dinosaurs” and close with a powerful legislative update that includes panelists from both the Assembly Local Government Committee (ALGC) and the Senate Governance and Finance Committee, along with a special appearance by Assemblymember Katcho Achadjian, Chair of the ALGC.

For the first time this year, we opened up the LAFCo 101 session for attendance at a deeply discounted rate to those who are not attending the full conference. This allows agencies to send staff and elected officials to this very special 2-hour session on understanding and applying the basics of LAFCo.
We acknowledge and thank San Bernardino LAFCo for hosting the Conference, its Executive and Assistant Executive Officer for all of their hard work: Kathy Rollings-McDonald and Sam Martinez, the Conference Committee Chair James Curatalo (San Bernardino), and all who are working on the Program and Host Committees to make this an outstanding Conference.

**CALAFCO University**

This year there were four CALAFCO U courses scheduled. The courses allow staff, commissioners and other interested parties to explore in depth LAFCo processes, policies and actions. In February of this year the Association hosted a session in Ontario on *Protest Provisions* which was well attended. The session scheduled for June on *LAFCo Best Practices and Greatest Hits* was cancelled due to a low interest level. In August Sacramento was the spot for the next CALAFCO U on *Ag Preservation*, another very well attended session. The final session for 2014 is set for December 8 in Sacramento and will feature an impressive panel of LAFCo attorneys to guide us through the *Legal Interpretations of CKH*.

The low enrollment of the June session prompted CALAFCO to survey the Executive Officers to better understand their educational needs and how we could better design educational offerings that generated the highest level of value. The results indicated that it would be better if CALAFCO offered fewer sessions and rotated the location of the offerings. The CALAFCO Board received the full report and concurred with staff’s recommendation to offer two CALAFCO U sessions per year and add additional offerings as the need arises.

These courses are possible only with the volunteer efforts of LAFCo staff and Associate members. Thank you to all who contributed to the classes. A special thanks to David Church (San Luis Obispo LAFCo) who has been the lead in coordinating CALAFCO U this year.

**Accreditations**

CALAFCO’s educational activities have all been 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. This was the second year of the new website, and we faced a number of challenges. It is a priority for the Association to ensure a secure and stable website and email exchange, and this will be a top priority for CALAFCO staff as we close out 2014.

**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.

**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. These quarterly reports will be enhanced in the coming year as fewer editions of The Sphere are created. These bulletins provide informational updates in a timelier manner and at less cost to the Association.

**LEGISLATIVE PROGRAM**

While CALAFCO sponsored only one bill, this year’s legislative session ended up to be a very busy one for CALAFCO. We were involved in the many stakeholder meetings on the groundwater legislation as well as responding to a number of gut and amend bills that impacted LAFCos. The CALAFCO Legislative Committee began work in November and met regularly throughout the year. The top priority of the Legislative Committee was *AB 2762*, the Assembly Local Government Committee Omnibus bill. This year the bill contained eight different changes to Cortese-Knox-Hertzberg such as clarifying several definitions, making changes to obsolete and incorrect code references, and making minor updates to several outdated sections. Perhaps the most substantial change was made to the independent special district selection committee process. CALAFCO worked closely with CSDA for several
months to ensure that these changes were acceptable to their membership. The bill was signed by the Governor on July 9. We are grateful for the efforts of Legislative Committee member Paul Novak (Los Angeles LAFCo) and Assembly Local Government Committee associate consultant Misa Yokoi-Shelton for their efforts on shepherding this bill.

Highlights of other legislation on which we worked include:

- **AB 1527** *(Perea)* Substantially amended several times, the bill required the State Water Resources Control Board to provide incentives for the consolidation of public water systems based on LAFCo studies, and to adopt a policy handbook. Eliminated from an earlier version of the bills was the provision that LAFCos be added to the list of eligible entities for receiving grant funding from the Strategic Growth Council. However it still acknowledged the importance and usefulness of Municipal Service Reviews at the state level by requiring the Board to use that data in their processes of consolidation incentives. Ultimately the bill was vetoed by the Governor because the new provision would be repealed. As the bill was amended numerous times, CALAFCO's position changed, ultimately ending in a Support.

- **SB 69** *(Roth)* The bill called for reinstatement of the VLF through ERAF for cities that incorporated between January 1, 2004 and January 1, 2012. There were no provisions for back payments for lost revenue, but the bill did reinstate future payments beginning in the 2014/15 year for cities that incorporated between 1-1-2004 and 1-1-2012. The Governor also vetoed this bill for the same reasons as noted for AB 1521. CALAFCO Support.

- **AB 1521** *(Fox)* This bill would have reinstated the VLF payment (through ERAF) and changed the way that the growth in the VLF adjustment amount (property tax in lieu of VLF) is calculated starting in FY 2014-15 to include the growth of assessed valuation, including in an annexed area, from FY 2004-05 to FY 2014-15. Beginning in FY 2015-16, the VLF adjustment amount would have been the jurisdiction’s annual change in the assessed valuation. Marked as an urgency bill to take effect immediately, the Governor vetoed the bill stating it would not be prudent to authorize legislation that would result in long term costs to the general fund that this bill would occasion. CALAFCO Support.

- **AB 2156** *(Achadjian)* The bill writes Joint Power Authorities into CKH through definition of both, and as entities from which the LAFCo is authorized to request information for studies, and requires the JPA to respond to the request for information. The bill was signed into law on June 4. CALAFCO Support.

- **AB 1739** *(Dickinson)* and **SB 1168** *(Pavley)* CALAFCO engaged in the months of stakeholder meetings on these two pieces of legislation. With a number of concerns about both bills early on, we shared those concerns and were able to get them written out of both bills. In early July the Board had an opportunity to receive a presentation on these landmark bills from Assm. Dickinson’s Legislative Director Les Spahn, ACWA Board member Matt Hurley, and participating co-author of AB 1739 Ryan Bezzera. CALAFCO’s concerns were once again heard. As a result of those amendments, our concern was removed and no position was taken. Both bills along with a third bill (SB 1319, Pavley) were signed into law September 16.

For a complete list of CALAFCO bills, please visit the CALAFCO website. Information is updated daily.

The Legislative Committee is currently working on several substantial legislative proposals approved by the Board that will likely be introduced in 2015.
• **Protest Provisions, Phase II**: Retaining the existing protest and election statutes and adding new streamlined provisions that can be followed based upon local conditions and circumstances. The goal of this streamlining is to create a clearer, more purposeful and transparent process when making important electoral-related decisions.

• **Strengthening the relationship between LAFCos and JPAs**: Building on this year’s AB 2156 (Achadjian), JPAs would file their agreements with LAFCo and, should the LAFCo desire, be included in MSR studies.

• **Disincorporations**: The current law is antiquated and in dire need of updating, so a working group from the Legislative Committee was formed to look at this issue.

**FINANCIAL POLICIES AND REPORTING**

The Association continues to stand on a strong financial base. 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 website. The Association also maintains its records with the national non-profit reporting organization, GuideStar (www.guidestar.com). In 2014 CALAFCO once again earned the GuideStar Exchange Gold Seal in recognition of its transparency and completeness in documentation.

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.

**2014-15 Budget**

The Board continues to manage the financial resources of the Association closely. This year LAFCo dues were increased by the CPI as authorized in the Association Bylaws. While only a 1.5% increase, the Board felt it was necessary to keep up with the increasing costs of operating the Association.

The adopted budget for 2014-15 provides only minor changes from the 2013-14 budget. The close of the fiscal year showed a slightly greater year-end balance than anticipated in the adopted budget, allowing the Association to once again avoid the use of reserve. The approved budget is $368,273, which includes a $43,970 contingency.

The Board approved several small allowances for the use of contingency funds this fiscal year to include assistance in archiving old Association records, purchasing new office equipment, and the aid of outside legal counsel. In total, the approved funds should not exceed $5,800 (or 15%) of the total being held in contingency.

For fiscal year 2014-15, there are small increases in rent, professional services, and legislative services expenses in the budget which are offset by increases in revenues from dues and returns from the conference and CALAFCO U as well as a reduction in office and research expenses. The budget is balanced and does not tap any reserve funds.

**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. With an initial goal of 35% of non-conference operating expenses, the reserve balance at the close of the 2013-14 fiscal year was $150,754, about 62% of the annual operations budget outside of the Conference and Workshop. 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. CALAFCO maintains its funds with the Local Agency Investment Fund (LAIF). While the interest rate has remained low again this year, we have not lost any of the principal in our savings or investments. This year the Board amended the organization’s policy regarding the reserve fund, changing from having a maximum of 25% held in reserves to having a minimum of 25% held in reserves.

Finally we want to recognize the leadership of our executive director Pamela Miller and executive officer Marjorie Blom (Stanislaus LAFCO). Added to that is our appreciation for all the contributions of executive
assistant Jeni Tickler in the CALAFCO office, deputy executive officers Steve Lucas (Butte LAFCo), Sam Martinez (San Bernardino LAFCo), and David Church (San Luis Obispo LAFCo), 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
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.

CALAFCO GOLD ASSOCIATE MEMBERS
Thank you for your support

The Year In Pictures
Scenes from CALAFCO Activities

CALAFCO Annual Conference 2013
Squaw Valley, CA

CALAFCO Annual Staff Workshop 2014
Berkeley, CA

LAFCO 50th Anniversary Symposium
Sacramento, CA
Co-sponsored by CALAFCO and the UC Davis Extension for Land Use & Natural Resources