CSAC BOARD OF DIRECTORS

BRIEFING MATERIALS

Thursday, May 17, 2018

12:30 p.m. - 4:00 p.m.

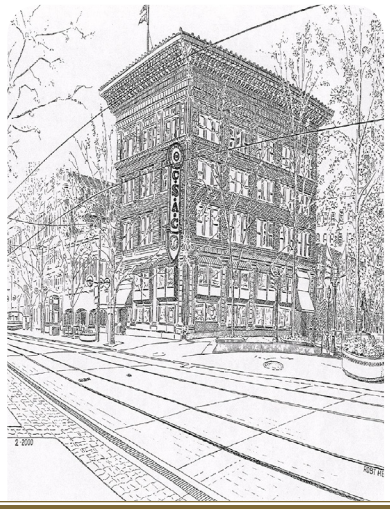
Meeting Location:

Sacramento Convention Center

Rooms 308-310

1400 J St, Sacramento, CA 95814

(800) 867-2581 code: 7500508#



California State

Association of Counties

CALIFORNIA STATE ASSOCIATION OF COUNTIES
BOARD OF DIRECTORS
Thursday, May 17, 2018
12:30pm – 4:00pm
Sacramento Convention Center, Rooms 308-310

A G E N D A

Presiding: Leticia Perez, President

12:30pm
BUFFET LUNCH

1:00pm
PROCEDURAL ITEMS

1. Roll Call — Page 1

2. Approval of Minutes of February 15, 2018 — Page 3

SPECIAL PRESENTATIONS

3. California Cannabis Authority (CCA) Update — Page 7
   - *Supervisor Estelle Fennell, CCA President*

4. Governor's May Revision of the 2018-19 State Budget
   - *Michael Cohen, Director, State Department of Finance*
   - *Diane Cummins, Special Advisor to the Governor*

5. CSAC Report on the Governor's May Revision — handout
   - *Darby Kernan & CSAC Advocacy staff*

6. County Partnership Opportunities — Page 9
   - *Representative, CA Conservation Corps*

2:00pm
ACTION ITEMS

7. Consideration of June/November 2018 Ballot Initiatives — Page 11
   - *Darby Kernan & CSAC Advocacy staff*

   ❖ People's Initiative to Protect Proposition 13 Savings

   ❖ Tax Fairness, Transparency and Accountability Act of 2018
   Proponent: Eric Miethke, Capitol Law and Policy Inc.
   Opponent: Dan Carrigg and Bismarck Obando, League of California Cities

   ❖ SB 3: Veterans and Affordable Housing Bond Act of 2018
   Proponent: David Koenig, California Housing Consortium (invited)
   Opponent: David Wolfe, Howard Jarvis Taxpayers Association (invited)

8. CSAC Policy Committee Reports — Page 28
   Administration of Justice
   - *Supervisor Alfredo Pedroza, Chair*
   - *Jessica Devencenzi, CSAC staff*

   Agriculture, Environment & Natural Resources
   - *Supervisor Bruce Gibson, Chair*
   - *Cara Martinson, CSAC staff*

ACTION ITEMS (cont.)

Government Finance & Administration
- *Supervisor Erin Hannigan, Chair*
- *Dorothy Johnson, CSAC staff*

Health & Human Services
- *Supervisor Das Williams, Chair*
- *Farrah McDaid Ting & Justin Garrett, CSAC staff*

Housing, Land Use & Transportation
- *Supervisor James Ramos, Chair*
- *Kiana Valentine & Chris Lee, CSAC staff*

9. Consideration of Proposed CSAC Budget for FY 2018-19 Page 33
- *Graham Knaus, CSAC Executive Director*
- *Supervisor Ed Valenzuela, CSAC Treasurer*

10. Selection of 2021 Annual Meeting Site Page 39
- *David Liebler, CSAC staff*

3:30pm

INFORMATION ITEMS

11. CSAC Finance Corporation Report Page 41
- *Supervisor Leonard Moty, Finance Corp. President*
- *Alan Fernandes, Finance Corp. Executive Vice President*
- *Lisa Holmes, Enterprise Fleet Management*

12. Federal Legislative Update Page 50
- *Joe Krahn, President, Paragon Governmental Relations*

13. Informational Reports without Presentation Page 60
- ❖ CSAC Litigation Coordination Program Report
- ❖ Institute for Local Government (ILG) Report
- ❖ IRS Form 990
- ❖ CSAC Financial Statement July-March, 2017-18

14. Other Items

4:00pm ***ADJOURN***

CALIFORNIA STATE ASSOCIATION OF COUNTIES

Board of Directors

2018

Section	County	Director
U	Alameda County	Scott Haggerty
R	Alpine County	Terry Woodrow
R	Amador County	Richard Forster
S	Butte County	Bill Connelly
R	Calaveras County	Michael Oliveira
R	Colusa County	Denise Carter
U	Contra Costa County	John Gioia
R	Del Norte County	Chris Howard
R	El Dorado County	Sue Novasel
U	Fresno County	Buddy Mendes
R	Glenn County	John Viegas
R	Humboldt County	Estelle Fennell
S	Imperial County	Raymond Castillo
R	Inyo County	Jeff Griffiths
S	Kern County	Zack Scrivner
R	Kings County	Craig Pederson
R	Lake County	Jim Steele
R	Lassen County	Chris Gallagher
U	Los Angeles County	Mark Ridley-Thomas
R	Madera County	Tom Wheeler
S	Marin County	Damon Connolly
R	Mariposa County	Marshall Long
R	Mendocino County	Carre Brown
S	Merced County	Lee Lor
R	Modoc County	Patricia Cullins
R	Mono County	John Peters
S	Monterey County	Luis Alejo
S	Napa County	Diane Dillon
R	Nevada County	Ed Scofield
U	Orange County	Lisa Bartlett
S	Placer County	Jim Holmes
R	Plumas County	Lori Simpson
U	Riverside County	Chuck Washington

U	Sacramento County	Susan Peters
R	San Benito County	Jaime De La Cruz
U	San Bernardino County	James Ramos
U	San Diego County	Greg Cox
U	San Francisco City & County	Malia Cohen
U	San Joaquin County	Bob Elliott
S	San Luis Obispo County	Lynn Compton
U	San Mateo County	Carole Groom
S	Santa Barbara County	Das Williams
U	Santa Clara County	Ken Yeager
S	Santa Cruz County	Bruce McPherson
S	Shasta County	Leonard Moty
R	Sierra County	Lee Adams
R	Siskiyou County	Ed Valenzuela
S	Solano County	Erin Hannigan
S	Sonoma County	James Gore
S	Stanislaus County	Vito Chiesa
R	Sutter County	Dan Flores
R	Tehama County	Robert Williams
R	Trinity County	Judy Morris
S	Tulare County	Steve Worthley
R	Tuolumne County	Sherri Brennan
U	Ventura County	Kelly Long
S	Yolo County	Jim Provenza
R	Yuba County	Doug Lofton

President: Leticia Perez, Kern
First Vice President: Virginia Bass, Humboldt
Second Vice President: Lisa Bartlett, Orange
Immed. Past President: Keith Carson, Alameda

SECTION: U=Urban S=Suburban R=Rural

CALIFORNIA STATE ASSOCIATION OF COUNTIES
BOARD OF DIRECTORS
Thursday, February 15, 2018
Capitol Event Center, Sacramento

M I N U T E S

Presiding: Leticia Perez, President

1. ROLL CALL

Alameda	Carson/Haggerty	Placer	Jim Holmes
Alpine	Terry Woodrow	Plumas	Lori Simpson (audio)
Amador	Richard Forster	Riverside	Chuck Washington
Butte	Bill Connelly	Sacramento	absent
Calaveras	Michael Oliveira	San Benito	absent
Colusa	Denise Carter	San Bernardino	James Ramos
Contra Costa	John Gioia (audio)	San Diego	Greg Cox
Del Norte	Chris Howard	San Francisco	Malia Cohen (audio)
El Dorado	John Hidahl	San Joaquin	absent
Fresno	absent	San Luis Obispo	absent
Glenn	John Viegas (audio)	San Mateo	Carole Groom
Humboldt	Bass/Fennell (audio-Fennell)	Santa Barbara	Das Williams (audio)
Imperial	absent	Santa Clara	Ken Yeager
Inyo	Jeff Griffiths	Santa Cruz	Bruce McPherson (audio)
Kern	Leticia Perez	Shasta	Leonard Moty
Kings	Doug Verboon (audio)	Sierra	Lee Adams
Lake	absent	Siskiyou	Ed Valenzuela
Lassen	Chris Gallagher	Solano	Erin Hannigan (audio)
Los Angeles	absent	Sonoma	James Gore
Madera	Tom Wheeler (audio)	Stanislaus	Vito Chiesa (audio)
Marin	Damon Connolly	Sutter	Dan Flores
Mariposa	Marshall Long (audio)	Tehama	Robert Williams
Mendocino	Carre Brown	Trinity	Judy Morris (audio)
Merced	absent	Tulare	Kuyler Crocker
Modoc	Patricia Cullins (audio)	Tuolumne	Hanvelt/Brennan (audio-Brennan)
Mono	John Peters	Ventura	Kelly Long
Monterey	Luis Alejo	Yolo	Jim Provenza
Napa	Diane Dillon	Yuba	Doug Lofton
Nevada	Ed Scofield	Advisors: Bruce Goldstein and Larry Lees	
Orange	Lisa Bartlett		

The presence of a quorum was noted.

2. APPROVAL OF MINUTES

Some minor grammatical corrections were made to the minutes of January 18, 2018.

> Motion and second to approve minutes of November 30, 2017 and January 18, 2018. Motion carried unanimously.

3. REPORT ON GOVERNOR'S BUDGET FOR 2018-19

Diane Cummins, Special Advisor to the Governor, presented an overview of the Governor's January 2018 Budget. The $190b budget proposal maintains fiscal prudence and focuses on funding the implementation of major initiatives and reforms that counties are responsible for implementing. She indicated the Governor's rainy day fund is now full, with a reserve of $2.3b. In Home Supportive Services (IHSS), Continuum of Care Reform for foster care youth, and addressing the growing mental health crisis in jails and communities all remain a priority. Ms. Cummins also noted that the budget provides $23.7m in backfill to counties and other local jurisdictions for lost property taxes in 2017-18 and 2018-19 resulting from the October 2017 fires.

4. STATE BUDGET IMPACTS ON COUNTIES

Staff reported that the Governor included $4.6b for SB 1 transportation infrastructure, and noted that if SB 1 is repealed it could have a devastating impact to California's economy. Staff also noted that a significant portion of the operational reserves in the proposed 2018-19 state budget is dedicated to disaster recovery following the October 2017 fires that devastated communities throughout California. The Administration changed the age of jurisdiction for youths sent to the Division of Juvenile Justice from 23 to 25 years of age. A detailed analysis of state budget provisions affecting counties is contained in the CSAC Budget Action Bulletin.

Additionally, CSAC is working with the Administration on proposals for homelessness resource funding, and also partnering with the League of Cities to ensure that any funding to local government is dispersed fairly among cities and counties. The Joint CSAC/League Homelessness Task Force will be releasing a report in late February.

5. FINANCIAL PARTICIPATION IN ACA 5 (PROP. 69) AND SB1 REPEAL CAMPAIGN

The Road Repair and Accountability Act of 2017 (SB 1) was passed by the Legislature and signed into law by the Governor in April 2017. The Legislature also passed an accompanying constitutional protection measure (ACA 5) to ensure the 33% of revenues generated by SB 1 are dedicated to transportation. ACA 5 will appear before the voters on the June 2018 ballot. Efforts are underway to repeal SB1. The campaign is currently raising money and collecting signatures on an initiative that would require the Legislature to put before the electorate approval of any gas, diesel, or vehicle-related tax or fee increase. Since the initiative has a retroactive effective date of January 1, 2017, it would repeal SB 1. If the measure qualifies, it will be on the November 2018 ballot.

At its January meeting, the Board of Directors voted to oppose the SB 1 repeal initiative and support ACA 5 (Prop. 69). Additionally, the Executive Committee approved financial support for the campaign against the SB 1 repeal and in support of ACA 5 in January, and recommended that the Board of Directors approve financial support.

> Motion and second to authorize CSAC to spend up to $500,000 in non-dues revenue on the campaign to oppose SB 1 repeal and support ACA 5 (Prop. 69). Kings, Mariposa, Orange and Tehama opposed the motion. Butte, Del Norte and Ventura abstained. Motion carried with 41 votes in favor.

6. STATE AND FEDERAL LEGISLATIVE PRIORITIES FOR 2018

Staff presented draft CSAC Legislative Priorities as contained in the briefing materials. The state priorities are divided into three categories: Defending County Interests in Fiscal Health; Resiliency and Preparedness; and Innovation. The federal priorities included legislative and budget policy issues that staff and CSAC's federal advocates, Paragon Government Relations, will lobby, as well as Executive and Administration actions that CSAC will be monitoring during the year.

> Motion and second to approve 2018 legislative priorities as presented. Orange County abstained. Motion carried.

Staff announced that CSAC will be convening a Cannabis roundtable meeting and a Congressional reception during the March NACo Legislative Conference, in Washington, DC.

7. RURAL CAUCUS EXECUTIVE COMMITTEE ALTERNATE

Mono County Supervisor Larry Johnston has been serving as a member of the CSAC Board of Directors and the Rural Caucus alternate on the Executive Committee. Due to his declining health, the Mono County Board of Supervisors replaced him on the Board of Directors. Therefore, he is no longer eligible to serve on the Executive Committee.

The CSAC Rural Caucus held a conference call on February 8 to nominate a replacement to serve on the Executive Committee for the remainder of 2018. However, since a number of supervisors expressed interest, President Bass announced that a vote will take place at the May meeting of the Rural Caucus.

8. CSAC FINANCE CORPORATION REPORT AND CSCDA APPOINTMENT

Staff provided an update on the California Cannabis Authority (CCA), which is a Joint Powers Authority created to assist counties in obtaining important information about the cannabis industry's regulatory process. Specifically, the CCA will develop and manage one statewide data platform that will gather, collect, and analyze information from a myriad of data sources, to help local governments ensure cannabis regulatory compliance and also provide necessary information to financial institutions that wish to work with the cannabis industry.

The CSAC Finance Corporation is working with the 211 California organization to explore a partnership to assist in expanding the 211 network to the 23 counties currently without that service.

CSAC Finance Corporation President Leonard Moty announced that there is currently a vacancy on the California Statewide Communities Development Authority (CSCDA) for an alternate Commissioner due to the retirement of Ron Holly, Monterey County Chief Deputy Auditor Controller). The CSCDA was created in 1988 to provide local governments with an effective tool for the timely financing of community-based public benefit projects. The Commission meets twice a month. It was recommended that Michael Cooper, Solano County Assistant Treasurer/Tax Collector/County Clerk, be appointed to replace Mr. Holly.

> Motion and second to appoint Michael Cooper as CSCDA alternate commissioner. Motion carried unanimously.

9. CSAC LEGISLATIVE UPDATE

Staff provided a status report on the 2018 statewide ballot initiatives. There are currently 42 initiatives in the circulation stage; 6 initiatives have self-certified, obtaining 25% of the required signatures; 1 initiative reached signature completion and awaiting verification; 4 initiatives are awaiting title and summary; and 5 measures are qualified for either the June or November ballot. The Legislature has placed 6 measures on the ballot. The briefing materials contained a summary chart of initiatives that are of importance to counties.

Staff also alerted the Board to an initiative that seeks to change the current parameters for base year value property transfers by expanding the program in several ways. For counties, this could dramatically change residential property reassessments, creating annual revenue losses in the tens of millions of

dollars. The lead proponent of the initiative is the California Association of Realtors. It has not yet qualified.

10. OPERATIONS AND MEMBER SERVICES UPDATE

Staff presented an update on activities occurring within CSAC operations and member services. The CSAC Institute opened a satellite campus on January 11, in Shasta County, and the Merced County campus will be moving to Tulare County in 2018. The CA Counties Foundation Board is developing new educational opportunities to maximize the success of current and future county leaders. The first seminar will occur in March. The CSAC Premier Leadership Forum will be held Jan. 31-Feb. 1, in San Diego County.

The communications team has produced "power minute" videos to spotlight the work of the advocacy team. CSAC's new External Affairs Coordinator has been working closely with county public information officers (PIOs) and is planning to conduct regional PIO meetings throughout the state.

11. OTHER ITEMS

The briefing materials contained reports on the Institute for Local Government (ILG), the CSAC Litigation Coordination Program, a financial statement, and a CSAC Institute Course guide.

Meeting adjourned.

CCA | CALIFORNIA CANNABIS AUTHORITY

Frequently Asked Questions (FAQs)

What is the purpose of the California Cannabis Authority?
The California Cannabis Authority is a Joint Powers Authority established to develop and manage a statewide data platform. The platform will assist counties that are regulating commercial cannabis activity by consolidating data from different channels into one resource to help local governments ensure maximum regulatory and tax compliance. In addition, the platform will help to facilitate banking services to the cannabis industry by providing necessary information to financial institutions to help them fulfill necessary compliance requirements.

What is a Joint Powers Authority? Why create a JPA?
Joint Powers Authorities (JPAs) are legally created public entities that allow two or more public agencies to jointly exercise common powers. Forming a JPA provides a creative approach to the delivery of public services, and also permits public agencies with the means to provide services more efficiently and in a cost-effective manner. The California Cannabis Authority (CCA) is a Joint Powers Authority (JPA) created by contract between counties with cannabis regulatory and taxing authority. California's medical and adult-use cannabis laws allow local governments to determine how best to regulate cannabis within their jurisdictions. Not all counties will choose to regulate commercial cannabis activity, and some counties may choose to ban this type of activity within their jurisdictions. For counties that are actively regulating and/or taxing commercial cannabis activity, a separate public entity will help efficiently and cost-effectively deliver additional information services to help fulfill their specific needs.

Who will govern CCA?
CCA's Board of Directors will be made up of one representative from each county that joins the organization. In addition, the day-to-day business of CCA will be directed by an Executive Committee consisting of five members from the Board of Directors. Cities and other public entities will be allowed to participate in the JPA and access data, but will not be part of the authority's governance structure. Financial institutions will have access to CCA data by contract.

Who can access the data and how?
While counties make up the governing structure of CCA, other public entities including cities and state agencies can participate and access data through a separate agreement. The database will be a cloud-based system. Member counties and participants will be able to access the database on the internet with a secure log-in connection through the CCA website.

How will financial institutions access data?
CCA will work with interested financial institutions and their prospective cannabis clients to provide accurate and cost-effective licensing and compliance information that ensures that the revenue generated from the client's commercial cannabis activity is from fully licensed and compliant activities. Consent from prospective cannabis clients must be obtained before information is shared with financial institutions that might wish to bank them.

What type of privacy requirements does the CCA follow? Is CCA subject to public records requests? CCA will operate under a Memorandum of Understanding (MOU) with the state licensing agencies to ensure that all information that is confidential and not subject to the Public Records Act under Proposition 64

remains so. The data platform also adheres to all federal security standards, including the Federal Risk and Authorization Management Program (FRAMP) process to conduct security assessments, authorizations and continuous monitoring of cloud services.

What are the requirements of joining CCA?
Member counties will be required to adopt the Joint Powers Agreement via their Board of Supervisors, and appoint one member and an alternate to CCA's Board of Directors. In addition, member counties and participating cities must require their cannabis licensees to provide CCA with point-of-sales information. This information will be collected directly by CCA.

How will data be collected?
CCA's data platform will connect directly to other data systems, and also connect to licensees' payment/point-of-sales systems. The preferred method is an Application Programming Interface (API), but there are other methods that the system can employ as well. Through an API connection, a "key" is provided by the licensee and is input into the CCA system. Once the connection is established and verified (all done by the platform), no further human interaction is necessary. Data will be pulled on a real-time 24-hour basis and input into the CCA data platform.

How will CCA be funded?
The Board of Directors of CCA adopted a financing structure that includes a fee to be paid by each member county and participating entity that is based upon total sales within the jurisdiction. The fee is 0.35%, or 35 basis points of total sales within the jurisdiction. This amount will be commensurate with the amount of data generated, and therefore equitable to each member or participant's costs to the JPA. It is the decision of the member county or participating entity to determine what resource source the fee will come from.

How will CCA interface with the state's track and trace program? Is this a duplicative system?
The data platform will be designed to start where the state's Track and Trace (Tat) systems stop. TaT systems are built to track anything entered by an end user. TaT methodology requires user input and relies on the end user's ability to enter, or scan data correctly into the TaT system. This is where the CCA platform adds significant value. The CCA platform isn't constrained to just data from one source, and it isn't built to "track", but is built to analyze and evaluate. The platform looks for anomalies with individual data sources and also looks at how those sources interact with one another, giving a more complete picture and a higher degree of confidence that what is being reported and what is occurring are truly one in the same. When they are not the same, the platform creates an alert. The speed at which the alert is delivered is key for investigation and enforcement actions to correct bad behaviors and catch bad actors quickly and more efficiently.

Which counties have joined CCA?
San Luis Obispo, Monterey, Humboldt and Mendocino County are members of CCA. The President of the organization is Supervisor Estelle Fennell from Humboldt County. The Secretary is Mary Zeeb, Monterey County Treasurer Tax Collector, and Jim Erb, San Luis Obispo Treasurer Tax Collector/Auditor Controller is the Treasurer of CCA.

Who do I contact for more information?
To learn more about the CCA, please contact Cara Martinson, CCA Executive Director at 916-267-5536 or californiacannabisauthority@gmail.com, or Alan Fernandes, CSAC Finance Corporation CEO, at alan@csacfc.org, or 916-955-1791.

CALIFORNIA CONSERVATION CORPS

2017-2018 Program Year

"Hard work, low pay, miserable conditions...and more."

Our Mission

To protect and enhance California's natural resources and communities while empowering and developing young adults through hard work and education

The California Conservation Corps is a state run program offering young adults opportunities to develop meaningful skills while enhancing and protecting California's environment and natural resources.

Their work is both physically and mentally challenging.

A year in the CCC gives Corpsmembers a strong work ethic, certifications sought after by employers, and scholarships to help pay for additional education. Since its creation by Governor Jerry Brown in 1976, more than 120,000 young adults have participated in the CCC.

WHO WE ARE

CCC Corpsmembers

- Diverse backgrounds
- Must be California resident 18-25 years old – veterans can join up to age 29.
- Cannot be on parole or convicted of a violent crime or serious drug crime
- 3400+ annual enrollment

CCC Centers

- 24 campuses total- 8 residential, 16 non residential
- Partner with agencies to place corpsmembers on to service projects benefitting the surrounding community

WHAT WE DO

Corpsmember Education

- College scholarships upon completion of CCC service
- Industry accepted certifications
- GED and Community College coursework

Community Service

- 24.6 million trees planted
- 12,000 miles of trails built
- 30,000+ lighting fixtures retrofitted
- 2,983,0000 Kw Hours saved

California Conservation Corps - 1719 24th St. Sacramento, CA 95816 (916) 341-3100 www.ccc.ca.gov

CALIFORNIA CONSERVATION CORPS

2017-2018 Program Year

"Hard work, low pay, miserable conditions...and more."

TYPES OF PROJECT WORK

Energy Crews: Corpsmembers receive training to audit & retrofit schools & public buildings for energy and water efficiency.

Trail Work: Crews work to improve public access to wilderness, national and state park lands.

Fire Hazard Reduction: Crews work to thin forests, which improves forest health & reduces fire threat.

Habitat Restoration: Corpsmembers work to protect & restore fish habitats in various watersheds.

Backcountry Trails Program: Crews live and work in the California wilderness for a five-month season.

Major Project Partners:

- Caltrans
- CA State Parks
- CA Fish and Wildlife
- CAL FIRE
- Dept. of Water Resources
- US Forest Service
- Office of Emergency Services
- Schools & local governments

EMERGENCY RESPONSE

Fire: Frontline fire crews are poised to respond to fires throughout the state, and all corpsmembers are trained in emergency camp support. CCC re-opened the Butte Fire Center in May 2016.

Flood: All corpsmembers are trained in flood-response in advance of winter storms.

Other: Crews also respond to other natural disasters, agricultural emergencies, & assist with recovery efforts. nationwide.

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California
95814

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916.327.7500

Facsimile
916.441.5507

May 17, 2018

To: CSAC Board of Directors

From: Dorothy Johnson, CSAC Legislative Representative
Tracy Sullivan, CSAC Legislative Analyst

Re: **2018 Ballot Initiative: People's Initiative to Protect Proposition 13 Savings – ACTION ITEM**

Recommendation. The CSAC Executive Committee approved and forwards the recommended "oppose" position from the Governance and Finance Committee in light of the fiscal impacts on counties and erosion of local control.

Summary.
The California Association of Realtors (CAR) is the lead proponent on an initiative that seeks to change the current parameters for base year value transfers by expanding the program in several ways. For counties, this could dramatically change residential property reassessments, creating annual revenue losses in the tens of millions for counties alone, with losses growing to exceed $1 billion for local governments statewide.

Background.
Current Law
Under current law, base year transfers allow a homeowner to continue paying property taxes at the amount of their previous home and prevent the reassessment of their newly purchased or constructed home to full market value. They are able to use their prior home's Proposition 13 (1978) protected assessed value when purchasing a home of equal or lesser value. This privilege is currently granted to homeowners 55 years of age and older and also homeowners with a severe, permanent disability (regardless of age), as long as certain specifications are met related to date of purchase, place of primary residence, and other conditions.

Both properties must be located within the same county unless the county where the homeowner seeks to purchase their new residence has adopted an ordinance allowing intercounty transfers. Currently, 11 counties (Alameda, El Dorado, Los Angeles, Orange, Riverside, San Bernardino, San Diego, San Mateo, Santa Clara, Tuolumne, and Ventura) allow intercounty transfers pursuant to resolutions adopted by the Board of Supervisors in those counties. A homeowner can transfer their assessed value only once in their lifetime.[1]

The program parameters were created through Proposition 60 (1986; established program), Proposition 90 (1988; permitted intercounty transfers with local approval), and Proposition 110 (1990; extended authority to homeowners with a severe, permanent disability).

[1] The only exception is when a person becomes disabled after receiving the tax relief for age; they may transfer the base year value a second time if disability.

How it Works
Generally, a home's value is established when it is purchased, constructed or undergoes a change in ownership under Proposition 13. Proposition 13 also offers that the maximum amount of any *ad valorem* tax on real property may not exceed 1% of the property's full cash value, as adjusted for inflation or 2% per year, whichever is lower. As a result, a homeowner who holds onto his or her home for a long period of time has a much lower property tax bill than someone who just recently purchased or built their home, even if the fair market values of both homes are similar. The base year value transfer allows the homeowner to continue paying property taxes at the amount of the previous residence and not the fair market value of the new residence.

Ballot Initiative Proposal vs. Current Law
The proposed initiative expands base year value transfers for homeowners 55 years and older and/or severely disabled as follows:

	Homeowner Eligibility	**Residential Property Eligibility**	**Frequency**	**County to County Transfer**
Current Law	Restricted to homeowners 55+ or severely disabled	Restricted to replacement properties of equal or lesser value	A once in a lifetime	Only if approved by Board of Supervisors
Proposed Initiative	Same	No value limit on replacement properties	Unlimited Transfer Opportunities	Permitted anywhere in the state, between any counties

Under the proposed initiative, if the new and old homes share the same market value, the assessed value of the new home would be the assessed value of the prior home. If the market value of the new home is higher than the prior home, the assessed value of the prior home would be adjusted upward. This adjusted value would be greater than the prior home's assessed value but less than the new home's market value. Conversely, if the market value of the new home is less than the prior home, the assessed value of the prior home would be adjusted downward. The Legislative Analyst's Office offers the following example to demonstrate the loss of property tax revenue based on adjusted assessments.

> *A couple has lived in their suburban home for 30 years. The home's assessed value is $75,000 and could be sold for $600,000. They are looking at two options:*
>
> *Beach Home. The couple could buy a beach home for $700,000. Under the measure, the assessed value of the beach home would be $175,000: $75,000 (assessed value of their prior home) plus $100,000 ($700,000 [the new home's market value] minus $600,000 [the prior home's market value]).*
>
> *Small Downtown Condo. The couple also could buy a downtown condo for*

$500,000. Under the measure, the assessed value of the condo would be $62,500: $75,000 (assessed value of their prior home) multiplied by 0.8 ($500,000 [the new home's market value] divided by $600,000 [the prior home's market value]).

Fiscal Impact
The Legislative Analyst's Office (LAO) estimates the resulting property tax losses would total hundreds of millions of dollars per year, with schools and other local governments (cities, counties, and special districts) losing $150 million annually statewide. Over time, the losses would grow as established base year values move to additional properties, creating abnormally low tax bills based on prior assessment transfers. The LAO estimates property tax losses would total between $1 billion to a few billion dollars per year (in today's dollars), with schools and other local governments each losing $1 billion or more annually statewide.

CAR contends this estimate is inaccurate because it does not take into account the reassessment of the residence being sold and the uptick in home sales from seniors and those with a disability being able to carry forward their property tax base. The former property would be reassessed under normal practices and could arguably create greater property tax revenue than received under the long-time homeowner (unless it is being purchased by another individual who is eligible to use the base year value transfer program).

Policy Considerations.
The California County Platform, CSAC's adopted statement of the basic policies of concern and interest to California's counties, speaks directly against the changes presented by this initiative.

> "Property Tax Revenue: Counties oppose erosion of the property tax base through unreimbursed exemptions to property taxes. The state should recognize that property tax revenues are a significant source of county discretionary funds. Any subventions to counties that are based upon property tax losses through state action should be adjusted for inflation annually." – Chapter 9, Financing County Services

CSAC has a well-established position to oppose the expansion of base year value transfers due to the fiscal impact on property taxes, an important discretionary revenue base that makes up approximately 20% of county revenue. The CAR legislative advocates have introduced three separate bills and corresponding constitutional amendments (see list below), all which failed, in the last three legislative sessions seeking to expand the program in a variety of ways including intercounty transfer authority statewide outside of Board of Supervisor approval and to homes of greater value, in addition to equal or lesser value.

The proponents argue that homeowners are being trapped in their existing homes because seniors and those with a disability, presumably those on a fixed income, cannot afford a higher property tax bill associated with a new home purchase. At the same time, a large stock of homes suitable for first-time homeowners is unavailable. Allowing homes

of greater value to be part of the program and transferring property tax bills across county lines ensure individuals can find a home that better meets their needs.

CSAC's historic opposition is based on the loss of revenue and loss of Board of Supervisors' authority to make decisions impacting their county.

Legislative Attempts to Expand the Base Year Value Program
SB 378 (Beall) & SCA 9 (Beall) – 2015, Held in Senate Appropriations Committee: Would have allowed base year value transfers to properties of greater value than the current home, as well as equal or lesser value for seniors and those with a disability.

> CSAC Position: Oppose Unless Amended to make it optional for counties (similar to Prop 90) and to have the state backfill local government property tax losses. This stance was taken due to the tremendous loss of general purpose revenue for local agencies that would result. Link to the CSAC Letter.

AB 2668 (Mullin) & ACA 12 (Mullin) – 2016, Held in Assembly Appropriations:
Would have allowed base year value transfers to properties of equal or greater value for seniors and those with a disability.

> CSAC Position: Oppose Unless Amended to make it optional for counties (similar to Prop 90) and to have the state backfill local government property tax losses. This stance was taken due to the tremendous loss of general purpose revenue for local agencies that would result. Link to the CSAC Letter.

AB 1322 (Bocanegra) & ACA 7 (Bocanegra) – 2017, Held in Assembly Appropriations: Would have authorized intercounty base year values, regardless of whether the local board of supervisors has adopted an ordinance to deny or permit such transfers

> CSAC Position: Oppose based on the fact that not only would general purpose revenues take a significant hit, but also because the measure would erode the local decision making process set in place by Prop 90. Link to CSAC Letter.

Staff Contact. Please contact Dorothy Johnson at (916) 327-7500 Ext. 515 or djohnson@counties.org or Tracy Sullivan at (916) 327-7500 Ext 525 or tsullivan@counties.org.

Resources.
1) Full Text of Ballot Initiative
2) Fiscal Analysis by Legislative Analyst's Office

LAO

September 8, 2017

Hon. Xavier Becerra
Attorney General
1300 I Street, 17th Floor
Sacramento, California 95814

Attention: Ms. Ashley Johansson
Initiative Coordinator

Dear Attorney General Becerra:

Pursuant to Elections Code Section 9005, we have reviewed the proposed constitutional and statutory initiative (A.G. File No. 17-0013, Amdt. #1) related to property tax assessment.

Background

Local Governments Levy Taxes on Property Owners. Local governments—cities, counties, schools, and special districts—in California levy property taxes on property owners based on the value of their property. Property taxes are a major revenue source for local governments, raising nearly $60 billion annually. Although the state receives no property tax revenue, property tax collections affect the state's budget. This is because state law guarantees schools and community colleges (schools) a minimum amount of funding each year through a combination of property taxes and state funds. If property taxes received by schools decrease (increase), state funding generally must increase (decrease).

Property Taxes Are Based on a Home's Purchase Price. Each property owner's annual property tax bill is equal to the taxable value of their property—or assessed value—multiplied by their property tax rate. Property tax rates are capped at 1 percent plus smaller voter-approved rates to finance local infrastructure. A property's assessed value is based on its purchase price. In the year a property is purchased, it is taxed at its purchase price. Each year thereafter, the property's taxable value increases by 2 percent or the rate of inflation, whichever is lower. This process continues until the property is sold and again is taxed at its purchase price.

Movers Often Face Increased Property Tax Bills. An existing homeowner often faces a higher property tax bill when she purchases a new home. Most homeowners who have lived in their homes for a few years or more pay taxes based on assessed values that are less than their homes' market values—what the homes could be sold for. This difference typically widens the longer a home is owned. This is because in most years the market value of most properties grows faster than 2 percent. When an existing homeowner purchases a new home, however, his or her assessed value is set to the market value of the new home. If the new home's market value is similar to or greater than the prior home, the new home's assessed value is likely to exceed the

old home's assessed value. Even when the new home's market value is lower, the new home's assessed value can be higher than the prior home's if the prior home had been lived in for many years. A higher assessed value, in turn, leads to higher property tax payments for the home buyer.

Special Rules for Older Homeowners. While most homeowners face higher property taxes when buying a new home, in certain cases special rules apply to homeowners 55 and older. When moving within the same county, a homeowner who is 55 or older can transfer the assessed value of their existing home to a new home if the market value of the new home is equal to or less than their existing home. Further, counties may choose to allow homeowners 55 and older to transfer their assessed values from homes in different counties to new homes in their county. A county board of supervisors can permit such transfers by adopting a local ordinance. Currently, 11 counties (Alameda, El Dorado, Los Angeles, Orange, Riverside, San Bernardino, San Diego, San Mateo, Santa Clara, Tuolumne, and Ventura) allow these transfers. Whether within a county or across counties, a homeowner can transfer their assessed value only once in their lifetime.

Potential of Higher Property Taxes May Discourage Some Movers. Some research suggests that potential movers may be discouraged by the possibility of paying more property taxes. For example, homeowners 55 and older appear more likely to move in response to special rules allowing them to transfer their existing assessed value to a new home. California homeowners who were 55 years old were around 20 percent more likely to move in 2014 than 54 year old homeowners. This suggests that some homeowners who were interested in moving delayed doing so to avoid paying higher property taxes.

Other Taxes on Home Purchases. Cities and counties impose taxes on the transfer of homes and other real estate. These transfer taxes are based on the value of the property being transferred. Transfer taxes are equal to $1.10 per $1,000 of property value in most locations, but exceed $20 per $1,000 of property in some cities. Statewide, transfer taxes raise around $1.1 billion for cities and counties.

Counties Administer the Property Tax. County assessors determine the taxable value of property, county tax collectors bill property owners, and county auditors distribute the revenue among local governments. Statewide, county spending for assessors' offices totals around $550 million each year. County costs for property tax collectors and auditors are unknown but much smaller.

Proposal

Expands Special Rules for Older Homeowners. The measure expands the special rules applied to existing homeowners 55 and older who buy a new home. Under the measure, the assessed value of any home purchase by an existing homeowner 55 and older—including those moving across counties or to more expensive homes—would be tied to the assessed value of the buyer's prior home. If the new and old home have the *same* market value, the assessed value of the new home would be the assessed value of the prior home. If the market value of the new home is *higher than* the prior home, the assessed value of the prior home would be adjusted upward. This adjusted value would be greater than the prior home's assessed value but less than the new home's market value. Conversely, if the market value of the new home is *less than* the

prior home, the assessed value of the prior home would be adjusted downward. The measure specifies a formula to be used to make these upward and downward adjustments. There also would be no limit on the number of moves by an individual homeowner. These changes would take effect January 1, 2019.

Examples. To see how the measure's formulas work, consider the options of a recently retired couple who is looking to move. The couple has lived in their suburban home for 30 years. The home's assessed value is $75,000 and could be sold for $600,000. They are looking at two options:

- ***Beach Home.*** The couple could buy a beach home for $700,000. Under the measure, the assessed value of the beach home would be $175,000: $75,000 (assessed value of their prior home) plus $100,000 ($700,000 [the new home's market value] minus $600,000 [the prior home's market value]).
- ***Small Downtown Condo.*** The couple also could buy a downtown condo for $500,000. Under the measure, the assessed value of the condo would be $62,500: $75,000 (assessed value of their prior home) multiplied by 0.8 ($500,000 [the new home's market value] divided by $600,000 [the prior home's market value]).

Fiscal Effect

Effects on Real Estate Markets. The measure would have a variety of effects on real estate markets throughout California. Most notably, the measure likely would change the number of homes bought and sold each year and the prices of those homes.

Increase Home Sales. Because the measure further reduces the property tax increases faced by older homeowners who purchase a new home, it likely would encourage more older homeowners to sell their existing homes and buy other homes. In recent years, between 350,000 and 450,000 homes have sold each year in California. Under the measure, home sales could increase by as much as tens of thousands per year.

Unclear Effect on Home Prices. The measure would increase the number of home buyers and sellers, as well as change how much home buyers are willing to pay for a home. The net effect of these changes on home prices is unclear.

Reduced Property Tax Revenues to Local Governments. By further reducing the increase in property taxes that typically accompanies home purchases by older homeowners, the measure would reduce property tax revenues for local governments. Additional property taxes created by an increase in home sales would partially offset these losses, but on net property taxes would decrease. In the first few years, property tax losses would be a few hundred million dollars per year, with schools and other local governments (cities, counties, and special districts) each losing around $150 million annually. Over time these losses would grow, likely reaching between $1 billion to a few billion dollars per year (in today's dollars) in the long term, with schools and other local governments each losing $1 billion or more annually.

More State Spending for Schools. Most schools' property tax losses would be offset by increased state funding. In the short term, annual state costs for schools would increase by

around $150 million. In the long term, annual state costs for schools would grow by $1 billion or more (in today's dollars).

Increase in Property Transfer Taxes. As the measure likely would increase home sales, it also would increase property transfer taxes collected by cities and counties. This revenue increase likely would be in the tens of millions of dollars per year.

Higher Administrative Costs for Counties. The measure would require county assessors to make process, staffing, and information technology changes. These changes likely would result in one-time costs in the millions of dollars or more, with somewhat smaller ongoing cost increases.

Summary of Fiscal Effects.

- Annual property tax losses for cities, counties, and special districts of around $150 million in the near term, growing over time to $1 billion or more per year (in today's dollars).
- Annual property tax losses for schools of around $150 million per year in the near term, growing over time to $1 billion or more per year (in today's dollars). Increase in state costs for schools of an equivalent amount in most years.

Sincerely,

_____

Mac Taylor
Legislative Analyst

_____

Michael Cohen
Director of Finance

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California
95814

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Facsimile
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May 17, 2018

To: CSAC Board of Directors

From: Dorothy Johnson, CSAC Legislative Representative
Tracy Sullivan, CSAC Legislative Analyst

Re: **2018 Ballot Initiative: The Tax Fairness, Transparency and Accountability Act of 2018 – ACTION ITEM**

Recommendation. The CSAC Executive Committee approved and forwards the recommended "oppose" position from the Government Finance and Administration Committee in light of the fiscal impacts on counties.

Summary.
The California Business Roundtable (CBR) is the lead proponent of the "Tax Fairness, Transparency and Accountability Act of 2018" that seeks to inhibit the ability of local governments to generate new revenues through taxes and fees. It does so by amending both Proposition 218 (1996) and Proposition 26 (2010) and requiring supermajority voter approval on any new fee or tax, or the extension of an existing tax, applicable to any tax or fee in place after January 1, 2018. It also requires two-thirds approval by the local legislative body to place a tax or fee before voters. The stated need is to address recent court decisions that created loopholes in tax and fee approval requirements by local government and their voting bodies.

Background.
Current Law
Proposition 218 (1996) requires local governments to submit to the voters any ordinance to impose taxes or property-related assessments, charges and fees for their approval. It established the vote thresholds for general taxes (majority vote) and for special taxes, i.e. taxes for a specific purpose (two-thirds, or supermajority vote), and requires general tax measures to be placed on regularly scheduled election ballots.

Proposition 26 (2010) amended the California Constitution to define what constitutes a local tax. It provided that "tax" means "any levy, charge, or exaction of any kind imposed by a local government…" This broad definition was accompanied by seven exceptions, also within Prop. 26, that covered most fees or charges that a local agency may want to impose and allows that imposition via unilateral action of the governing body without requiring voter approval.

Changes under Ballot Initiative
The ballot initiative would for local governments (cities, counties, special districts, and school districts):

1) Require two-thirds voter approval for any local tax or fee increase (specific or general) as well as two-thirds approval by the local legislative body to place a tax on the ballot.

2) Require two-thirds voter approval to extend an existing tax to a new territory, new class of pay or expanded base.

3) Expand the definition of a tax to include payments voluntarily made for benefits received (such as local franchise fees).

4) Require any tax placed on the ballot to detail how the revenues will be spent. Any changes to how the revenue is spent requires reapproval or states amount to be used for unrestricted purposes.

5) Require tax measures to be placed on general election ballots.

6) Require any initiative-based tax or fee proposal to be approved with two-thirds vote.

7) Clarify a levy or charge payable to a non-governmental entity is a tax if the local government places any restrictions in use of proceeds.

8) Require any fee to reflect "actual" instead of "reasonable" costs.

9) Increase the legal burden of proof that a fee is not a tax, the amount of the fee is not more than the actual cost of service provided and the revenue from the fee is not being used for other purposes.

10) Apply these restrictions retroactively beginning January 1, 2018.

The ballot initiative would for the State:

1) Require that regulations containing increased taxes or fees would not take effect unless the Legislature passes a law approving the regulation.

2) Require if the regulation contains a tax, the bill allowing the regulation to remain in place must be passed by a two-thirds majority of both houses of the Legislature. (These provisions are not retroactive).

3) Increase the legal burden of proof that a fee is not a tax, the amount of the fee is not more than the actual cost of service provided and the revenue from the fee is not being used for other purposes.

Fiscal Impact
The Legislative Analysts' Office (LAO) was unable to provide a cost estimate for state or local government revenue impacts. However, they offer that by expanding the definition of taxes and increasing vote thresholds for certain taxes and fees, the measure makes it harder for the State, local governments, and initiative proponents to increase local revenues. The amount of reduced local government revenues would also depend on various factors, including the extent to which local governments would substitute developer fees and other majority-vote revenue sources for the revenue sources subject to a higher vote threshold under the measure. Roughly half of recently enacted sales, business, hotel, and utility general tax measures would have failed if the measure's increased vote threshold requirements were in effect, suggesting that the reduction in local tax revenue could be substantial.

Policy Considerations.
Existing CSAC Policy

The California County Platform, CSAC's adopted statement of the basic policies of concern and interest to California's counties, speaks extensively in specific and general terms against the changes presented by this initiative. This includes the following:

> "The three major planks of the Platform are: 1) to allow county government the fiscal resources that enable it to meet its obligations; 2) to permit county government the flexibility to provide services and facilities in a manner that resolves the day-to-day problems communities face; and 3) to grant county government the ability to tailor the levels of local revenues and services to citizens' satisfaction."— Chapter 1, General Provisions

> "Local Authority: Counties should be granted enhanced local revenue-generating authority to respond to unique circumstances in each county to provide needed infrastructure and county services. Any revenue raising actions that require approval by the electorate should require a simple majority vote." – Chapter 9, Financing County Services

> "…counties should have the ability to adjust all fees, assessments, and charges to cover the full costs of the services they support." – Chapter 9, Financing County Services

Retroactive Application
The retroactive application for any tax or fee established after January 1, 2018, would essentially invalidate any local agency or local voter activity this year and require proposed new or changes taxes or fees to receive two-thirds local legislative body and local voter approval.

Impacts on Emerging Industries and Innovation
While many counties have long established transaction and use taxes and transient occupancy taxes, amongst others, the expansion to a new area would require the heightened super-majority approval. This could have implications for emerging local industries, such as cannabis, or innovative service models, such as AirBnbs.

Increased Pressure on Other Revenue Sources Creates Unintended Consequences
Challenges to establishing new or expanded taxes and fees could put pressure on other local revenue generating sources, as noted by the LAO. This includes developer fees, which could thwart community development efforts and limit economic growth or recovery opportunities.

Staff Contact. Please contact Dorothy Johnson at (916) 327-7500 Ext. 515 or djohnson@counties.org or Tracy Sullivan at (916) 327-7500 Ext 525 or tsullivan@counties.org.

Resources.
1) Full text of Ballot Initiative
2) Fiscal Analysis by Legislative Analyst's Office

January 11, 2018

Hon. Xavier Becerra
Attorney General
1300 I Street, 17th Floor
Sacramento, California 95814

Attention: Ms. Ashley Johansson
Initiative Coordinator

Dear Attorney General Becerra:

Pursuant to Elections Code Section 9005, we have reviewed the proposed constitutional initiative concerning state and local government taxes and fees (A.G. File No. 17-0050, Amendment No. 1).

BACKGROUND

State Government

Taxes and Fees. The state levies various taxes to fund over 80 percent of the state budget. The remainder of the budget is funded through various fees and other charges. Examples include: (1) charges for a specific government service or product, such as a driver's license; (2) charges relating to regulatory activities; (3) charges for entering state property, such as a state park; and (4) judicial fines, penalties, and other charges.

Vote Thresholds for Changing State Taxes and Fees. Under the State Constitution, state tax increases require approval by two-thirds of each house of the Legislature. The Legislature needs approval by only a majority of each house in order to levy fees and other charges. Voters, on the other hand, can levy state taxes or fees via initiative by a majority vote of the statewide electorate. The Legislature can reduce or change taxes with a majority vote of each house, provided the change does not increase taxes on any taxpayer. If a bill increases a tax on any taxpayer, the bill requires a two-thirds vote of both houses of the Legislature—even if the bill results in an overall state revenue loss.

Local Governments

Taxes and Fees. The largest local government tax is the property tax, followed by local sales taxes, utility taxes, hotel taxes, and other taxes. In addition to these taxes, local governments levy a variety of fees and other charges. Examples include parking meter fees, building permit fees, regulatory fees, and judicial fines and penalties.

Vote Threshold for Changing Local Taxes and Fees. In order to increase taxes, the State Constitution generally requires that local governments secure a two-thirds vote of their governing body—for example, a city council or county board of supervisors—as well as approval of the electorate in that local jurisdiction. "General taxes"—that is, taxes levied by cities and counties for any purpose—may be approved by a majority vote of the electorate. On the other hand, "special taxes"—that is, any taxes levied by schools or special districts or taxes levied by cities and counties for specified purposes—require a two-thirds vote of the electorate. Citizen initiatives that increase taxes must secure the same vote of the electorate—majority vote for general taxes and two-thirds vote for special taxes—as those placed on the ballot by local governing bodies.

Fee increases, on the other hand, generally may be approved by a majority vote of the local governing body and do not require voter approval. (Exceptions include certain property-related fees which require voter approval.) Citizen initiatives changing fees must be approved by a majority vote of the electorate.

PROPOSAL

This measure amends the State Constitution to change the rules for how the state and local governments can impose taxes, fees, and other charges.

Taxes

Expands Definition of Tax. The measure amends the State Constitution to expand the definition of taxes to include some charges that state and local governments currently treat as nontax levies. As a result, the measure would increase the number of revenue proposals subject to the higher state and local vote requirements for taxes. Specifically, regulatory fees and fees charged for a government service or product would have to more closely approximate the payer's actual costs in order to remain fees. Certain charges retained by or payable to nongovernmental entities would also be considered taxes under the measure. In addition, certain charges imposed for a benefit or privilege granted the payer but not granted to those not charged would no longer be considered fees.

Increases Vote Thresholds for Some Local Taxes. The measure increases the vote thresholds for increasing some local taxes. Specifically, the measure requires that increases in local general taxes be approved by a two-thirds vote of the electorate whether sought by local governments or by citizen initiative. Any local government tax approved between January 1, 2018 and the effective date of this measure would be nullified unless it complies with the measure's new vote threshold and other rules described below.

Allowable Uses of Revenues Must Be Specified in Certain Cases. The measure requires tax measures to include a statement of how the revenues can be spent. If the revenue is to be used for general purposes, the law must state that the revenue can be used for "unrestricted general revenue purposes." These requirements would apply to increases in state and local taxes. In the case of local government taxes, the measure requires that a statement of allowable uses be included in the ballot question presented to voters. Any change to the statement of allowable uses of revenue would have to be passed by (1) a two-thirds majority of both houses of the

Legislature in the case of state taxes, (2) a two-thirds vote of the local governing body and two-thirds vote of the electorate in the case of local government taxes, or (3) a two-thirds vote of the electorate in the case of local citizen initiative taxes.

Local Government Fees

Increases Vote Thresholds for Certain Local Government Fees. The measure requires that increased fees and other charges be approved by either a two-thirds vote of a local governing body in the case of local government fees or a two-thirds vote of the electorate in the case of local citizen initiative fees. The measure also provides that fees and other charges levied by a local governing body may be overturned via referenda. (The measure would not change vote thresholds and rules for developer fees and property assessments imposed on parcels.)

Other Provisions

State Regulations Containing Tax or Charge Must Be Approved by Legislature. Under the measure, state regulations containing increased taxes or fees would not take effect unless the Legislature passes a law approving the regulation. (This requirement would not apply to regulations implementing laws that were already approved by the Legislature.) If the regulation contains a tax, the bill allowing the regulation to remain in place must be passed by a two-thirds majority of both houses of the Legislature. The measure allows emergency regulations to take effect for up to 120 days without approval of the Legislature.

FISCAL EFFECTS

Reduced State Tax Revenue. By increasing the number of revenue measures subject to a two-thirds vote of both houses of the Legislature, the measure makes it harder for the Legislature to increase certain state revenues. The amount of reduced state revenue under the measure would depend on various factors, including future court decisions that could change the number of revenue measures subject to the higher vote requirements. The fiscal effects also would depend on future decisions made by the Legislature. For example, requirements for legislative approval of regulations that increase taxes or fees could result in reduced revenue depending upon future votes of the Legislature. That reduced revenue could be particularly notable for some state programs largely funded by fees. Due to the uncertainty of these factors, we cannot estimate the amount of reduced state revenue but the fiscal effects on state government likely would be minor relative to the size of the state budget.

Reduced Local Government Tax and Fee Revenue. By expanding the definition of taxes and increasing vote thresholds for certain taxes and fees, the measure makes it harder for local governments and initiative proponents to increase local revenues. The amount of reduced local government revenues would also depend on various factors, including the extent to which local governments would substitute developer fees and other majority-vote revenue sources for the revenue sources subject to a higher vote threshold under the measure. Roughly half of recently enacted sales, business, hotel, and utility general tax measures would have failed if the measure's increased vote threshold requirements were in effect, suggesting that the reduction in local tax revenue could be substantial.

Summary of Fiscal Effects

- Likely minor decrease in annual state revenues and potentially substantial decrease in annual local revenues, depending upon future actions of the Legislature, local governing bodies, voters, and the courts.

Sincerely,

_____

Mac Taylor
Legislative Analyst

_____

Michael Cohen
Director of Finance

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May 17, 2018

To: CSAC Board of Directors

From: Chris Lee, Associate Legislative Representative
Kiana Valentine, Senior Legislative Representative

RE: Senate Bill 3 (Beall, 2017) Housing Bond Ballot Measure

Recommendation: The Executive Committee considered the SB 3 housing bond on May 2 and **recommended a "Support" position**. The bond will support programs that directly address the housing affordability crisis and counties are eligible to apply for the majority of funding to address local housing needs.

Brief: CSAC supported Senate Bill 3 (Beall, 2017), which would provide $3 billion to fund affordable housing programs via a statewide general obligation bond and an additional $1 billion in bond funding to recapitalize California's veterans home ownership loan program. SB 3 was approved by a two-thirds vote in both houses of the Legislature and signed by Governor Brown on September 29, 2017. The bond measure will appear on the November 2018 statewide election ballot.

Background: As highlighted in CSAC's recent Homelessness Taskforce Report with the League of California Cities, California's housing affordability crisis has reached new heights, with an estimated 2.2 million households competing for only 664,000 affordable rental units. The SB 3 bond measure will provide funding to build new affordable rental units, support infill infrastructure, build farmworker housing, provide home ownership opportunities for both Veterans and the general population, and allocate matching funds to local governments that generate funding to address local housing challenges. Counties can access funding from the majority of the funded programs either directly or in partnership with developers.

The HLT Policy Committee recommends approving a support position given the importance of this funding in addressing California's housing affordability crisis as well as to demonstrate CSAC's commitment to promoting housing affordability.

Proposition Summary: The SB 3 housing bond would authorize the issuance of $4 billion in general obligation bonds to support the following housing affordability programs:

- **$1.5 billion to the Multifamily Housing Program**. This program provides funding for the new construction, rehabilitation, and preservation of permanent and transitional rental housing for lower income households through loans to local governments and non- and for-profit developers. Funds are for affordable homes for households with incomes up to 60% of area median income. Counties are eligible applicants.

- **$1 billion to the CalVet Home Loan Program.** This program assists veterans in purchasing homes and farms with low-interest loans. The program is fully self-supporting and does not impose any cost to the General Fund, as the bonds backing the program are repaid by through the payment of principal and interest by CalVet loan holders. Individual veterans are eligible to apply.

- **$300 million to the CalHome Program.** This program provides grants to local public agencies and nonprofit developers to assist individual households through deferred-payment loans. The funds would provide direct, forgivable loans to assist development projects involving multiple ownership units, including single-family subdivisions. This money would also be available to self-help mortgage assistance programs and manufactured homes. Counties are eligible applicants. Assistance is provided through applicants to participating families.

- **$300 million to the Joe Serna, Jr. Farmworker Housing Program.** This program finances the new construction, rehabilitation, and acquisition of owner-occupied and rental units for agricultural workers, with a priority for lower income households. Counties are eligible applicants.

- **$300 million to the Local Housing Trust Fund Matching Grant Program.** This program provides matching grants to local governments and non-profits that raise money for affordable housing. Counties are eligible applicants.

- **$300 million to the Infill Infrastructure Financing Program.** This program assists in the new construction and rehabilitation of infrastructure that supports higher density affordable and mixed-income housing in locations designated as infill, such as water and sewer extensions. Counties are eligible applicants. Counties are eligible applicants.

- **$150 million to the Transit-Oriented Development Implementation Program.** This program provides low-interest loans are as gap financing for rental housing developments that include affordable units, and as mortgage assistance for homeownership developments. Grants to cities, counties, and transit agencies are for the provision of the infrastructure necessary for the development of higher density uses within close proximity to a transit station and loans for the planning and development of affordable housing within one-quarter mile of a transit station. Counties are eligible applicants.

- **$150 million to the Self-Help Housing down payment assistance program.** Provides down payment assistance for first-time low- and moderate-income homebuyers where project affordability has been improved through regulatory incentives. Counties are eligible applicants. Assistance is provided through applicants to participating families.

Support: SB 3 was supported by local governments, non-profit and for-profit housing developers, business groups, environmental advocacy organizations, veterans groups, labor unions, and advocates for people experiencing disabilities and poverty.

Opposition: SB 3 was opposed by the Howard Jarvis Taxpayers Association and two business groups.

Staff Contact: Chris Lee, Associate Legislative Representative, clee@counties.org or (916) 327-7500.

Resource.
1) Full Text of Ballot Initiative

Administration of Justice Policy Committee
CSAC Legislative Conference
Wednesday, May 16, 2018 — 2:15 p.m. – 3:45 p.m.
Sacramento Convention Center, Room 307
Sacramento, California 95814

Supervisor Alfredo Pedroza, Napa County, Chair
Supervisor Kelly Long, Ventura County, Vice Chair

2:15 p.m. **I. Welcome and Introductions**
Supervisor Alfredo Pedroza, Napa County, Chair
Supervisor Kelly Long, Ventura County, Vice Chair

2:20 p.m. **II. A Coordinated Response to Mental Health in the Criminal Justice System**
Jackie Lacey, District Attorney, Los Angeles County

2:45 p.m. **III. Managing Mentally Ill Offenders in the Criminal Justice System: Best Practices**
Sheriff Dean Growdon, Lassen County
Kelli Weaver, LCSW Division Manager, Department of Health and Human Services, Division of Behavioral Health Services, Sacramento County

3:15 p.m. **IV. Mental Health Courts in California: A Judge's Perspective**
Judge Larry Brown, Mental Health Court, Sacramento County

3:35 p.m. **V. Legislative Update**
Jessica Devencenzi, Legislative Representative
Stanicia Boatner, Legislative Analyst

3:45 p.m. **VI. Adjournment**

Agriculture, Environment and Natural Resources Policy Committee
CSAC Legislative Conference
Thursday, May 17, 2018 — 10:30 a.m. – 12:20 a.m.
Sacramento Convention Center, Room 307
Sacramento County, California

AGENDA

Supervisor Bruce Gibson, San Luis Obispo County, Chair
Supervisor Sherri Brennan, Tuolumne County, Vice Chair

10:30 - 10:35 a.m. I. **Welcome and Introductions**
Supervisor Bruce Gibson, San Luis Obispo County, Chair
Supervisor Sherri Brennan, Tuolumne County, Vice Chair

10:35 - 10:45 a.m. II. **Update from the California Cannabis Authority (CCA)**
CCA President, Humboldt County Supervisor Estelle Fennel

10:45 – 11:00 a.m. III. **2018 Legislation and Budget Update**
Cara Martinson, Senior Legislative Representative
Nick Cronenwett, Legislative Analyst

11:00 – 11:25 a.m. IV. **ACTION ITEM: SB 623: Safe and Affordable Drinking Water Fund**
Senator Bill Monning, 17th CA Senate District

11:25 – 12:00 p.m. V. **Wildfire Insurance: A Discussion of Liability & Coverage**
- *Liability – Jennifer Henning, Executive Director, County Counsels Association*
- *Coverage – Lisbeth Landsman, Senior Staff Attorney, California Department of Insurance*

12:00 – 12:20 p.m. VI. **ACTION ITEM: AENR Position on 2018 Water Supply and Water Quality Bond Act**
Moderator: Supervisor Gibson
Proponent: Matteo Crow, Meral Bond Campaign

12:20 p.m. VII. **Closing Comments and Adjournment**
Supervisor Bruce Gibson, San Luis Obispo County, Chair
Supervisor Sherri Brennan, Tuolumne County, Vice Chair

Government Finance & Administration Policy Committee
CSAC Legislative Conference
Thursday, May 17, 2018 — 9:00 a.m. – 10:30 a.m.
Convention Center (1400 J Street), Room 306
Sacramento County, California

Supervisor Erin Hannigan, Solano County, Chair
Supervisor Judy Morris, Trinity County, Co-Vice Chair
Supervisor Chuck Washington, Riverside County, Co-Vice Chair

9:00 a.m.	I.	**Welcome and Introductions** *Supervisor Erin Hannigan, Solano County, Chair* *Supervisor Judy Morris, Trinity County, Co-Vice Chair* *Supervisor Chuck Washington, Riverside County, Co-Vice Chair*
9:05 a.m.	II.	**State Budget Update and Fiscal Forecast** *Carolyn Chu, Deputy Legislative Analyst, State and Local Finance, Legislative Analyst's Office*
9:25 a.m.	III.	**California Board of Equalization Transition** *Nick Maduros, Director, California Department of Tax and Fee Administration (CDTFA)*
9:40 a.m.	IV.	**California Public Employees' Retirement System (CalPERS) Update** *Marcie Frost, Chief Executive Officer, CalPERS*
10:10 a.m.	V.	**In-Home Supportive Services (IHSS) Update** *Justin Garrett, Legislative Representative, CSAC*
10:20 a.m.	VI.	**Federal Policy Update** *Joe Krahn, President, Paragon Government Relations* *Hasan Sarsour, Senior Associate, Paragon Government Relations*
10:25 a.m.	VII.	**State Legislative Update** *Dorothy Johnson, Legislative Representative, CSAC* *Tracy Sullivan, Legislative Analyst, CSAC*
10:30 a.m.	VIII.	**Adjournment**

Health and Human Services Policy Committee

Thursday, May 17 ▪ 10:45 a.m. – 12:15 p.m.
Room 306 ▪ Sacramento Convention Center
1400 J Street ▪ Sacramento, CA 95814

Supervisor Das Williams, Santa Barbara County, Chair
Supervisor Jeff Griffiths, Inyo County, Vice Chair

Note: This policy committee meeting is an in-person meeting only and is being held as part of the CSAC 2018 Legislative Conference.

10:45 a.m. **I. Welcome and Introductions**
Supervisor Das Williams, Committee Chair, Santa Barbara County
Supervisor Jeff Griffiths, Committee Vice Chair, Inyo County

10:50 a.m. **II. In-Home Supportive Services Update**
Justin Garrett, CSAC Legislative Representative
Elizabeth Marsolais, CSAC Legislative Analyst

10:55 a.m. **III. HHS Legislative Update**
Farrah McDaid Ting, CSAC Legislative Representative
Justin Garrett, CSAC Legislative Representative
Elizabeth Marsolais, CSAC Legislative Analyst

11:05 a.m. **IV. Governor's 2018-19 May Revision**
- Human Services Issues

Justin Garrett, CSAC Legislative Representative
Elizabeth Marsolais, CSAC Legislative Analyst

- Health and Behavioral Health Issues

Farrah McDaid Ting, CSAC Legislative Representative
Elizabeth Marsolais, CSAC Legislative Analyst

11:20 a.m. **V. County Homelessness Funding & Surrounding Issues**
Supervisor Andrew Do, Orange County
Farrah McDaid Ting, CSAC Legislative Representative
Justin Garrett, CSAC Legislative Representative
Elizabeth Marsolais, CSAC Legislative Analyst

11:30 a.m. **VI. California Goes It Alone: Single Payer, Rate Regulation, and Coverage Expansion Efforts in the Golden State**
Anthony Wright and/or Tam Ma, Health Access California
Laurel Lucia, UC Berkeley Labor Center
Tom Joseph, Paragon Government Relations

Housing, Land Use and Transportation Policy Committee
CSAC Legislative Conference
Thursday, May 17, 2018 — 9:00 a.m. – 10:30 a.m.
Room 307, Sacramento Convention Center
Sacramento County, California

Supervisor James Ramos, San Bernardino County, Chair
Supervisor Oscar Villegas, Yolo County, Vice Chair

9:00 a.m. I. **Welcome and Introductions**
Supervisor James Ramos, Chair
Supervisor Oscar Villegas, Vice Chair

9:05 a.m. II. **Transportation Funding Update**
Kiana Valentine, Senior Legislative Representative
Brandon Castillo, Bicker, Castillo and Fairbanks

9:30 a.m. III. **Reforming California's Regional Housing Needs Process**
Chris Lee, Associate Legislative Representative
Geoff Neill, Principal Fiscal and Policy Analyst

10:10 a.m. IV. **Housing and Land Use Legislative Update**
Chris Lee, Associate Legislative Representative

10:30 a.m. VII. **Closing Comments and Adjournment**
Supervisor James Ramos, Chair
Supervisor Oscar Villegas, Vice Chair

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California
95814

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916.327.7500
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May 17, 2018

To: CSAC Board of Directors

From: Ed Valenzuela, CSAC Treasurer
Graham Knaus, Executive Director

Re: CSAC Budget 2018-19

As Treasurer of CSAC, I present to you the proposed budget for the 2018-19 fiscal year. The attached revenue and spending plan for the upcoming year funds CSAC's priorities and core operations and is hereby submitted for your adoption. The budget reflects the expenditures needed to advance CSAC's mission of serving California's 58 counties through effective advocacy, training, and member services programs.

Recommendation: Adopt the proposed FY 2018-19 CSAC budget.

CSAC's fiscal condition remains solid. The projected year-end fund balance for FY 2017-18 reflects continued implementation of operational efficiencies, strong performance by the CSAC Finance Corporation, contributions to the Capital Improvement Fund, and an initial contribution to the Fix Our Roads coalition supporting Proposition 69 efforts to constitutionally protect revenues for transportation as well as oppose efforts to repeal the SB 1 transportation package.

The FY 2018-19 proposed budget is designed to meet the following organizational priorities:

- Align expenditures to projected revenues while meeting critical objectives across all areas including advocacy, communications, member services, and the California Counties Foundation;
- Support all advocacy priorities, county visits and regional meetings, the Challenge Award program, and the contribution to the California Counties Foundation which supports the CSAC Institute campuses;
- Set-aside five percent of revenues to allow appropriate operating margin and additions to reserves;
- Provide authority for potential merit increases; and
- Contribute to the Capital Improvement Program to better plan for the management of the CSAC building and potential building maintenance costs.

Highlights of the proposed CSAC FY 2018-19 Budget

Revenues

- No dues increase -- dues remain flat for the sixth consecutive year and continue to represent approximately one-third of total revenues to support key priorities and operations.
- Finance Corporation Participation Program contribution grows to $4.1 million.
- Finance Corporation Corporate Partners is expected to generate $525,000 in net revenue. This reflects outstanding continued growth in the Corporate Partners Program and the movement of the program from the CSAC Budget to the Finance Corporation to leverage other business relationships.

Expenses

- Salaries and benefits reflect increased retirement contribution rates modest benefit cost increases, in addition to Executive Director authority to increase existing salaries as merited.
- Establishes professional development initiative to invest in development and retention of staff.
- Funds CSAC Internship Program to develop new talent and spark interest in local government public service.
- Increases the budgeted contribution to the California Counties Foundation to $223,588 to support the continued evolution of the CSAC Institute. This enables sustainable support for the main Sacramento campus as well as our rotating satellite model to increase accessibility of leadership and professional development in all counties. Satellite campus locations include year two in Shasta County, and new 2018-19 locations in Tulare County, Santa Cruz County, and Orange County.

Reserves

- Projected reserves beginning FY 2018-19 are $5.1 million which exceeds the 6-month reserve policy target. In addition to operating reserves, the Capital Improvement Program Fund is projected at $750,000 beginning FY 2018-19 creating combined reserves of $5.8 million.

California State Association of Counties®

Proposed Budget 2018-19

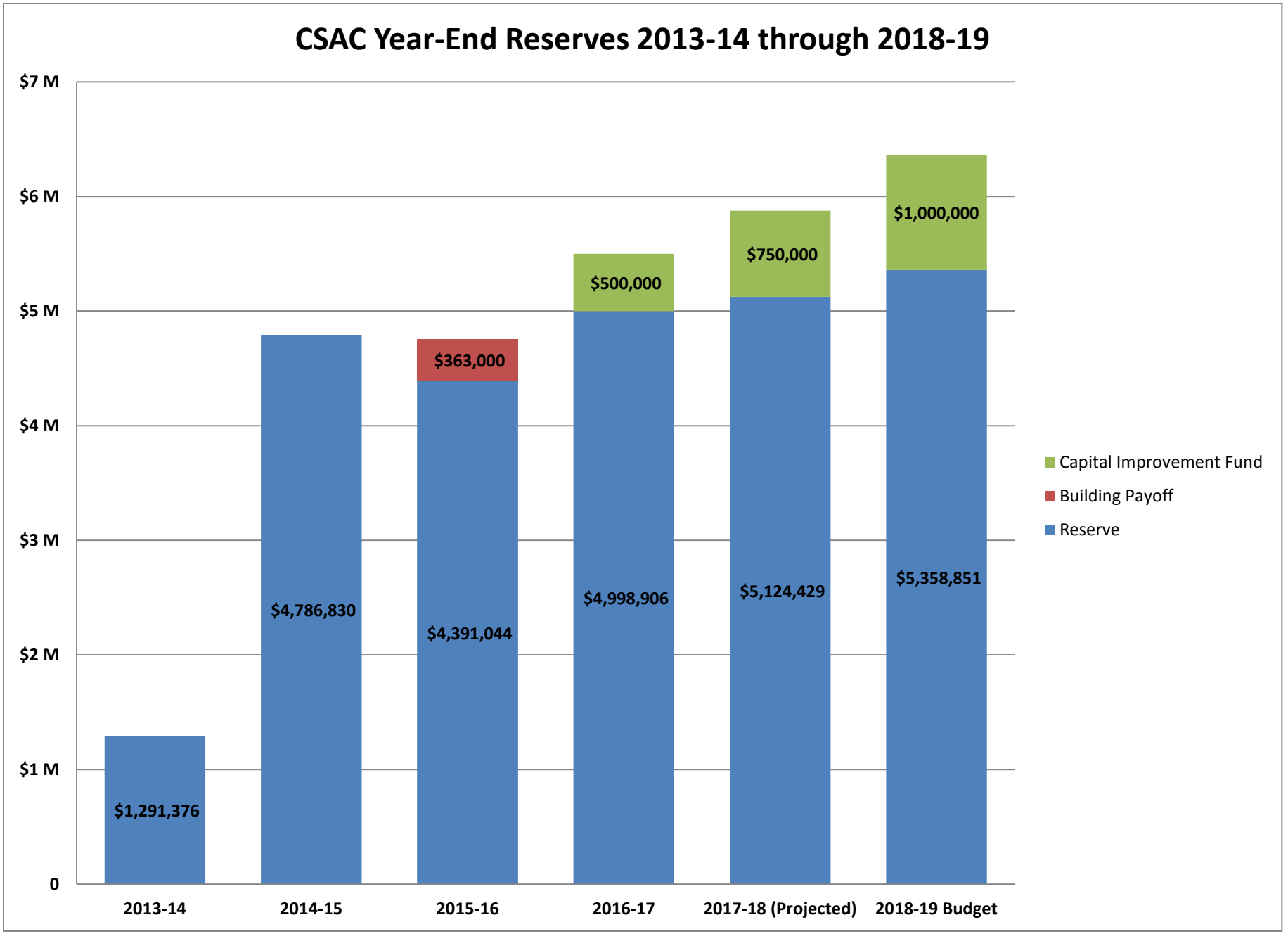
	Actual 2016-17	Budget 2017-18	Year End 2017-18	Budget 2018-19
Revenues:				
Membership Dues	3,430,506	3,430,506	3,430,506	3,430,506
Finance Corp Participation	4,000,000	3,750,000	3,900,000	4,075,000
Finance Corp Corporate Partnership	334,044	382,812	473,209	525,000
Rental Income	173,088	178,229	177,820	195,008
Administrative Miscellaneous	700,633	606,400	776,086	713,000
CSAC Conferences	464,935	418,000	449,020	460,000
CEAC	162,127	163,586	186,229	193,060
Litigation Program	432,276	432,276	432,276	432,276
Total Revenues	**9,697,609**	**9,361,809**	**9,825,146**	**10,023,850**
Expenditures:				
Salaries/Benefits	5,394,424	5,552,888	5,561,426	5,970,190
Staff Outreach	178,192	174,700	197,739	172,200
Leadership Outreach	86,101	80,000	110,021	110,000
NACo Meetings & Travel	134,414	140,000	132,894	140,000
NACo 2nd VP Campaign	12,741	0	0	0
Public Affairs/Communications	53,140	77,040	51,765	51,638
CSAC Conferences	566,035	599,546	601,684	726,534
Facilities	304,048	302,118	309,936	372,109
Office Operations	244,009	252,525	280,336	285,832
Organizational Partnerships	126,930	128,000	128,000	93,000
CEAC	162,127	163,586	186,229	193,060
Outside Contracts	661,498	656,100	993,156	769,000
Litigation Program	432,276	432,276	432,276	432,276
California Counties Foundation	221,062	194,978	214,163	223,588
Total Expenditures	**8,576,997**	**8,753,757**	**9,199,623**	**9,539,428**
YEAR END FUND BALANCE	**1,120,612**	**608,052**	**625,523**	**484,422**
Initiative			**250,000**	
Capital Improvement Fund			**250,000**	**250,000**
Contribution to Reserves			**125,523**	**234,422**

California State Association of Counties®
Draft Budget FY 17-18

ACCOUNT EXPLANATIONS -	
BUDGET YEAR 2018-19	
ACCT#	**EXPLANATIONS**
REVENUE:	
MEMBERSHIP DUES	ANNUAL DUES FROM COUNTIES. **NO INCREASE SCHEDULED THIS YEAR.**
FINANCE CORP PARTICIPATION	CSAC FINANCE CORPORATION CONTRIBUTIONS TO CSAC.
FINANCE CORP PARTNERSHIP PROGRAM	CORPORATE PARTNERSHIP NET REVENUE. THIS REFLECTS THE FIRST FULL YEAR OF THE PROGRAM OPERATING OUT OF THE FINANCE CORPORATION (CSAC FC) TO INCREASE LEVERAGING OPPORTUNITIES WITH CSAC FC BUSINESS PARTNERS.
RENTAL INCOME	RENTAL INCOME FOR 1100 K STREET.
ADMINISTRATIVE MISCELLANEOUS	**1)** ADMINISTRATION FEES COLLECTED FROM CSAC AFFILIATES FOR PAYROLL AND BENEFIT SERVICES. **2)** SALES FOR CSAC ROSTERS,
	MAILING LIST AND LABELS.**3)** PRINTING AND COPYING REVENUE GENERATED FROM THE CSAC PRINT SHOP. **4)** INTEREST INCOME FROM
	BANK AND CALTRUST ACCOUNTS. **5)** CONTRACT FOR COMPUTER SERVICES WITH LA COUNTY. **6)** FEES FROM JOB
	ADVERTISING ON CSAC WEBSITE. **7)** ADVOCACY SERVICES. **8)** CHALLENGE AWARDS.
CSAC CONFERENCES	REGISTRATION FEES FOR CSAC ANNUAL CONFERENCE AND LEGISLATIVE CONFERENCE.
CEAC	CEAC CONTRACT FOR CSAC PROGRAM MANAGER SERVICES.
LITIGATION PROGRAM	FUNDED BY A SEPARATE FEE TO SUPPORT CSAC'S ADVOCACY IN STATE AND FEDERAL COURTS, AND TO COORDINATE LITIGATION
	INVOLVING MULTIPLE COUNTIES. ALSO INCLUDES $50,000 FOR IN-HOUSE GENERAL COUNSEL LEGAL SERVICES.
EXPENDITURES:	
SALARIES/BENEFITS	**1)** SALARIES REFLECT AUTHORITY FOR POTENTIAL MERIT INCREASE. **2)** EMPLOYEES THAT ARE TIER 1 ARE CURRENTLY PAYING 20% OF
	EMPLOYEE PORTION OF SBCERA, TIER 2 PAY 100% OF EMPLOYEE PORTION. **3)** BENEFITS INCLUDE HEALTH, DENTAL, VISION, LIFE
	AND WORKERS COMP. **4)** PAYROLL TAX. **5)** AUTO ALLOWANCE **6)** ANNUAL EMPLOYEE WORKSHOP **7)** PARKING **8)** WELLNESS
	PROGRAM. **9)** PROFESSIONAL DEVELOPMENT.
STAFF OUTREACH	INCLUDES IN AND OUT-OF-TOWN BUSINESS EXPENSES FOR LEGISLATIVE AND ADMINISTRATIVE STAFF. EXPENSES
	INCREASED DUE TO ADDITIONAL COUNTY VISITS TO INCREASE CONNECTION TO COUNTIES AND LOCAL CHALLEGES AND SOLUTIONS.
LEADERSHIP OUTREACH	BUSINESS EXPENSES FOR CSAC BOARD OF DIRECTORS, EXECUTIVE COMMITTEE AND OFFICERS.
NACO MEETINGS & TRAVEL	COSTS ASSOCIATED FOR ALL LEGISLATIVE, ADMINISTRATIVE STAFF AND BOARD MEMBERS TO ATTEND NACO SUPPORTED EVENTS.
PUBLIC AFFAIRS/COMMUNICATIONS	**1)** ALL COSTS ASSOCIATED WITH PRODUCING & DISTRIBUTING THE ROSTER **2)** CHALLENGE AWARDS **3)** LEGISLATIVE BULLETIN **4)** WEB
	SITE. **5)** WRITTEN, AUDIO AND VIDEO COMMUNICATIONS.

ACCOUNT EXPLANATIONS -
BUDGET YEAR 2018-19

ACCT#	EXPLANATION
CSAC CONFERENCES	ALL COSTS ASSOCIATED WITH LEGISLATIVE, REGIONAL AND ANNUAL CONFERENCE. ALSO INCLUDES STAFF SUPPORT.
FACILITIES	ALL COSTS ASSOCIATED WITH THE MAINTENANCE OF 1100 K STREET. COSTS INCLUDE REPAIRS, UTILITIES, PHONES, INSURANCE, JANITORIAL, AND PROPERTY TAXES. ALSO INCLUDES STAFF SUPPORT.
OFFICE OPERATIONS	ALL COSTS ASSOCIATED WITH OPERATIONS SUCH AS **1)** CELL PHONES **2)** MEMBERSHIP FEES **3)** OFFICE SUPPLIES **4)** POSTAGE/DELIVERY **5)** R&M AND PURCHASES OF COMPUTERS AND EQUIPMENT **6)** COPIERS AND BUSINESS EQUIPMENT.
ORGANIZATIONAL PARTNERSHIPS	CONTRIBUTIONS TO INSTITUTE FOR LOCAL GOVERNMENT(ILG), CSAC RESEARCH AFFILIATE. ALSO INCLUDES CONTRIBUTIONS IN SUPPORT OF COUNTY GOVERNMENT.
CEAC	CEAC EXPENDITURES.
OUTSIDE CONTRACTS	LEGAL CONSULTING , ACCOUNTING, AND PROFESSIONAL SERVICES SUCH AS PARAGON FDEERAL LOBBYING CONTRACT AND IT SERVICES.
LITIGATION PROGRAM	ALL COSTS ASSOCIATED WITH CSAC'S LITIGATION COORDINATION PROGRAM, AND IN-HOUSE GENERAL COUNSEL LEGAL SERVICES.
CALIFORNIA COUNTIES FOUNDATION	CSAC'S CONTRIBUTION TO THE FOUNDATION IN SUPPORT OF THE CSAC INSTITUTE.


CSAC Year-End Reserves 2013-14 through 2018-19
$7 M
$6 M
$5 M
$4 M
$3 M
$2 M
$1 M
0
$1,291,376
$4,786,830
$4,391,044
$363,000
$4,998,906
$500,000
$5,124,429
$750,000
$5,358,851
$1,000,000
2013-14
2014-15
2015-16
2016-17
2017-18 (Projected)
2018-19 Budget
Capital Improvement Fund
Building Payoff
Reserve

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916.327.7500

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916.441.5507

May 17, 2018

To: CSAC Board of Directors

From: David Liebler, Director of Public Affairs & Member Services
Cara Watson, Meeting Planner & Event Coordinator

Re: 2021 Annual Meeting Site Selection – ACTION ITEM

Recommendation. CSAC staff has undertaken a thorough search of Northern California locations for our 2021 Annual Meeting. After reviewing proposals from six counties, staff is recommending that **Monterey County** be selected as the venue for the 2021 conference.

Background. The policy for CSAC Annual Meeting site selection requires the following:

- The CSAC Annual Meeting will alternate between Northern and Southern California. Whenever feasible, CSAC will utilize as many counties as possible over a period of time to celebrate our members' diversity and uniqueness.
- Nearby hotel facility or facilities must have approximately 500 sleeping rooms available for up to four nights.
- The conference facility must be within short walking distance of hotels.
- The conference facility must be able to house the vast majority of CSAC and affiliate meetings (eg. 50,000 sf of meeting space). Overflow meeting space must be available at a close-by facility.
- The conference facility must have the ability to house an Exhibit Hall of approximately 120 booth spaces. (eg. 30,000 sf of exhibit space).
- Meeting facility costs (including conference space, meals and hotels) must fit within CSAC budget requirements in order to ensure that registration fees are kept reasonable.

The 2021 site selection process included requests for proposals from numerous venues in Northern California, including Alameda, Fresno, Monterey, Napa, San Mateo and Santa Clara Counties. Proposals from venues in the following counties met the parameters set out above: Alameda, Monterey, and San Mateo.

All three sites that met the parameters of the CSAC Annual Meeting Site Selection Policy for 2021 are available Sunday, November 28, to Friday, December 4, 2021, which is the week after Thanksgiving.

Details of proposals from sites that meet the parameters of the CSAC Annual Meeting Site Selection Policy for 2021 are as follows:

County	Location	Conference Facility	Sleeping Rooms	Room Rate	Comment
Alameda	Oakland	Marriott Oakland City Center	Marriott Oakland City Center	$259	Room rate is very high. Headquarter hotel cannot accommodate all sleeping rooms needed. Four other hotels would be used including one almost a mile from the headquarters hotel.
Monterey	Monterey	Monterey Conference Center, Monterey Marriott, and Portola Hotel and Spa	Monterey Marriott, and Portola Hotel and Spa	$199 to $229	All three meeting venues are connected for easy attendee access. Room rate is reasonable for a venue that is an attendee favorite.
San Mateo	South San Francisco	Hyatt Regency San Francisco Airport	Hyatt Regency San Francisco Airport	$235	Room rate is very high. Would need to use tented pavilion for some meetings. Near SF airport.

The Marriott Oakland City Center in Alameda County was the venue for the 2007 Annual Meeting. It is able to accommodate both the meeting needs and most of the sleeping rooms; however the room rate is very high, and additional hotels would need to be utilized.

The Monterey Marriott and the Portola Hotel and Spa were the venue for the Annual Meeting in 2015. Since that time, the Monterey Conference Center has undergone major renovations. With the combination of all three venues the meeting needs and sleeping rooms will all be met. The room rate at both hotels is a good rate in the current market.

The Hyatt Regency San Francisco Airport in San Mateo County has the meeting space and sleeping rooms needed to accommodate the Annual Meeting. San Mateo County has not been a venue for a CSAC Annual Meeting since 1997. This property is very close to San Francisco Airport; however, it does not offer easy access to restaurants or other activities.

The following sites did not meet the parameters of the CSAC Annual Meeting Site Selection Policy:

County	Location	Conference Facility	Comment
Fresno	Fresno	Fresno Convention & Entertainment Center	Could not provide adequate number of sleeping rooms within walking distance of the conference facility.
Napa	Napa	Meritage Resort & Spa	Could not provide enough meeting space.
Santa Clara	San Jose	San Jose Convention Center	Did not have any availability over preferred dates.

Staff Contacts. Please contact David Liebler, at (916) 327-7500 Ext. 530, or dliebler@counties.org, and/or Cara Watson, at (916) 327-7500 Ext. 512 or cwatson@counties.org**.**

FINANCE CORPORATION

May 2, 2018

To: CSAC Board of Directors

From: Leonard Moty, President
Alan Fernandes, Chief Executive Officer

RE: **CSAC Finance Corporation Update**

CSAC Finance Corporation Board Meeting Update

At the April CSAC Finance Corporation Board of Directors meeting, the Board authorized up-to an **additional $500,000** allocation to CSAC for FY 17-18. The ability to provide the additional contribution is largely thanks to the success of our partners and the growth of out programs, most notably, a stellar year for CSCDA. In addition, the Board approved the CSAC Finance Corporation FY 18-19 budget, including an increase in the budgeted contribution to CSAC to **$4.1 million.**

The Board also elected the officers for the coming year including Leonard Moty as President, Graham Knaus as Vice President, and Les Brown as Secretary/Treasurer.

211 California

Effective May 1, 2018, the CSAC Finance Corporation has officially been named the Administrator of 211 California. As administrator, the CSAC Finance Corporation will be providing all operations and staffing for 211 California. As previously reported, 211 systems serve county residents by providing trusted connectivity to community, health, and social services. In California, there are still 23 counties that do not have an active 211 service. Supervisor Greg Cox will be making 211 connectivity an active platform and focus during his upcoming tenure as President of the National Association of Counties (NACo). Through our now formalized partnership, the CSAC Finance Corporation will assist 211 California in becoming a formal incorporated organization and assist in expanding the 211 network to those counties currently without.

For more information on CSAC Finance Corporation programs please contact Alan Fernandes at (916) 650-8120 or alan@csacfc.org or Laura Labanieh at (916) 650-8186 or laura@csacfc.org.

Corporate Associates Program

The Corporate Associates program is finishing the fiscal year strong. The program currently has 74 partners across three levels. For the first time ever, the program is projected to eclipse the 1million dollar mark in gross revenue, with close to $500,000 in net revenue. Business engagement remains strong at every CSAC event, including the just concluded Inland Empire Regional Meeting, with over 13 partners present. Also, there are 50 corporate associates present at the CSAC Legislative Conference. The most updated partner roster is included in this packet.

The highlighted partner for this meeting is **Enterprise Fleet Management**. For more than 10 years Enterprise Fleet Management has been helping Government agencies reduce their overall fleet budgets by moving from a buy and hold strategy to a shorter rotation cycle. This shift has resulted in employees driving safer vehicles, lower operating expenses, and more efficient and reliable fleets so agencies can better serve their communities. They apply best practices from private sector businesses to public sector fleets so they can take advantage of the same cost saving strategies we have been refining over the last 60+ years in business. Contact: Lisa Holmes (916) 787-4500.

For more information on Corporation Associates Program please contact Jim Manker at (916) 650-8107 or jim@csacfc.org.

Premier Partners (as of 5.1.2018)

1. Aetna
Paul Brunetta, Sales Vice President, Nor. CA
2850 Shadelands Dr.
Walnut Creek, CA 94598
(707) 322-2165
BrunettaP@aetna.com
www.aetna.com

2. Alliant Insurance Services, Inc.
Nazi Arshi, Senior Vice President
1301 Dove St. Suite 200
Newport Beach, CA 92660
(949) 660-8110
narshi@alliant.com
www.alliant.com

3. Anthem Blue Cross
Michael Prosio, Regional Vice President, State Affairs
1121 L Street, Suite 500
Sacramento, CA 95814
(916) 403-0527
Michael.prosio@anthem.com
www.anthem.com

4. California Statewide Communities Development Authority
Catherine Bando, Executive Director
1700 North Broadway, Suite 405
Walnut Creek, CA 94596
(800) 531-7476
cbando@cscda.org
www.cscda.org

5. California Forensic Medical Group
Patrick Turner, Director of Business Development
12220 El Camino Real
San Diego, CA 92130
(281) 468-9365
patrick.turner@cmgcos.com
www.cfmg.com

6. CGI
Monica Cardiel Cortez, Partner, Consultant
621 Capitol Mall, Suite 1525
Sacramento, CA 95814
(916) 830-1100
monica.cardielcortez@cgi.com
www.CGI.com

7. Coast2Coast Rx
Marty Dettelbach, Chief Marketing Officer
5229 Newstead Manor Lane
Raleigh, NC 27606
(919) 465-0097
marty@c2crx.com
www.coast2coastrx.com

8. Comcast
Regina V. Evans, Esq. Senior Director Government Affairs
3055 Comcast Circle
Livermore, CA 94551
(925) 424.0972 x0174
Regina_Evans@comcast.com
www.business.comcast.com

9. CSAC Excess Insurance Authority
Rick Brush, Chief Member Services Officer
75 Iron Point Circle, Suite 200
Folsom, California 95630
(916) 850-7378
rbrush@CSAC-EIA.org
www.csac-eia.org

10. Dell | EMC
Riccardo Leite, Sales Director,
Infrastructure Solutions Group – West
5480 Great America Parkway
Santa Clara, CA 95054
(408) 550 5208
riccardo_leite@dell.com
www.dell.com

11. DLR Group
Dan Sandall, Business Development
1050 20th Street, Suite 250
Sacramento, CA 95811
(310) 804-7997
dsandall@dlrgroup.com
www.dlrgroup.com

12. Dominion Voting Systems
Steve Bennett, Regional Sales Manager
26561 Amhurst Court
Loma Linda, CA 92354
(909) 362-1715
steven.bennett@dominionvoting.com
www.dominionvoting.com

13. DXC Technology
Frank Ury, Business Development, US Public Sector
22851 Driftstone
Mission Viejo, CA 92692
(949) 922-9979
frank.ury@dxc.com
www.dxc.technology.com

14. Election Systems & Software
Larry Tonelli, Regional Sales Manager
1714 Bilbao Drive
Santa Maria, CA 93454
(315) 559-1653
larry.tonelli@essvote.com
www.essvote.com

15. Enterprise Fleet Management
Lisa Holmes, State of CA Contract Manager
199 N. Sunrise Ave.
Roseville, CA 95747
(916) 787-4733
Lisa.m.holmes@ehi.com
www.enterprise.com

16. Hanson Bridgett LLP
Paul Mello, Partner
Samantha Wolff, Partner
425 Market Street, 26th Floor
San Francisco, CA 94105
(415) 777-3200
swolff@hansonbridgett.com
pmello@hansonbridgett.com
www.hansonbridgett.com

17. Healthnet
Daniel C. Chick, Director Government Affairs
1201 K Street, Suite 1815
Sacramento, CA 95814
(916) 552-5285
daniel.c.chick@healthnet.com
www.healthnet.com

18. Kaiser Permanente
Kirk Kleinschmidt, Director, Government Relations
1950 Franklin St, 3rd Floor
Oakland, CA 94612
(510) 987-1247
kirk.p.kleinschmidt@kp.org
www.kp.org

19. Nationwide
Rob Bilo, VP of Business Development
4962 Robert J Mathews Parkway, Suite 100
El Dorado Hills, CA 95762
(866) 677-5008
bilor@nationwide.com
www.nrsforu.com

20. Novartis Pharmaceuticals
Allison G. Barnett, Associate Director of State Government Affairs
1215 K Street, Suite 1500
Sacramento CA 94814
(916) 548-2989
allison.barnett@novartis.com
www.novartis.com

21. Optum
Margaret Kelly, National VP, Government Education and Labor
505 N Brand Blvd., Suite 1200
Glendale, CA 91203
(818) 484-9188
Margaret.kelly@optum.com
www.optum.com

22. Pacific Gas & Electric Company
John Costa, Local Public Affairs
1415 L Street, Suite 280
Sacramento, CA 95814
(916) 584-1885
JB1F@pge.com
www.pge.com

23. PayPal
Devin Whitney, Senior Manager, State Government Relations
2211 North First Street
San Jose, CA 95131
(707) 319-3753
dewhitney@paypal.com
www.paypal.com

24. Renew Financial
Cliff Staton, Executive Vice President
1221 Broadway, 4th Floor
Oakland, CA 94612
(510) 451-7917
cliff@renewfund.com
www.renewfund.com

25. Renovate America, HERO Program
Dustin Reilich, Director of Municipal Development
15073 Avenue of Science #200
San Diego, CA 92128
(949) 237-0965
dreilich@renovateamerica.com
www.heroprogram.com

26. Southern California Edison
Haig Kartounian, Government Affairs
2244 Walnut Grove Avenue
Rosemead, CA 91770
(626) 302-3418
haig.kartounian@sce.com
www.sce.com

27. Spruce Finance
Parker Lyons, Finance Product Manager
50 Osgood Place, 4th Floor
San Francisco, CA 94133
(866) 525-2123
plyons@sprucefinance.com
www.sprucefinance.com

28. Synoptek
Eric Westrom, VP of Operational Planning and Strategy
3200 Douglas Blvd. Suite 320
Roseville, CA 95661
(916) 316-1212
ewestrom@synoptek.com
www.synoptek.com

29. Taborda Solutions
Brianna Hammond, Director of Marketing
1110 Woodmere Rd, Suite 250
Folsom, CA 95630
(707) 319-8588
brianna.hammond@tabordasolutions.com
www.tabordasolutions.com

30. UnitedHealthcare
Meghan Newkirk, Senior Vice President, Public Sector
5701 Katella Avenue
Cypress, CA 90630
(714) 252-0335
Meghan.Newkirk@uhc.com
www.uhc.com

31. U.S. Communities
Rob Fiorilli, Program Manager
2999 Oak Road, Suite 710
Walnut Creek, CA 94597
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PARAGON
GOVERNMENT RELATIONS

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WASHINGTON BRIEFS

First Quarter 2018

Debate on the fiscal year 2018 budget took center stage during the first quarter of the year as lawmakers sought to bring closure to a months-long partisan standoff over federal spending policy. In the end, Congress approved and President Trump signed into law legislation that funds the federal government through September 30. Passage of the nearly $1.3 trillion omnibus spending bill caps a budget stalemate that was marked by five short-term funding patches and two brief government shutdowns.

As expected, the spending levels in the final appropriations bill adhere to the topline numbers set by lawmakers as part of the *Bipartisan Budget Act* (BBA, PL 115-123). That particular law, which established a two-year budgetary framework, authorized Congress to increase fiscal year 2018 defense and non-defense spending by $80 billion and $63 billion, respectively. All told, the FY18 omnibus provides $700 billion for the Pentagon and $591 billion for domestic discretionary programs in the current fiscal year.

While a series of 11th-hour disputes threatened to derail the budget negotiations, Republican and Democratic leaders struck several notable compromises that ultimately allowed a final spending deal to emerge. With regard to immigration and border security, lawmakers agreed to include $1.6 billion for President Trump's border wall, instead of the $25 billion sought by the White House. Notably, the bill restricts the manner in which the funds may be spent (i.e., the dollars may be used for repairs or secondary fencing where existing barriers are in place along the Southwest border; new barriers would need to be levees or bollard-type fencing). Missing from the legislation is language that would protect young undocumented individuals from the threat of deportation.

In other budget-related developments, the Trump administration released this past quarter its spending request for fiscal year 2019. While the White House budget proposes to exceed the BBA's spending limit for defense programs by nearly $70 billion, the proposal would cut domestic discretionary funding by $57 billion when compared to the new BBA caps.

As expected, the centerpiece of the administration's budget is a plan to devote $200 billion in federal funding over the next decade to improve the country's crumbling infrastructure. Starting with an initial infusion of $44.6 billion in FY19, the White House is banking on its infrastructure initiative to help spur a total investment of $1.5 trillion. It should be noted that the Trump budget also would slash funding for a number of existing transportation programs, particularly rail and transit, while seeking several program

eliminations, including the popular Transportation Investment Generating Economic Recovery (TIGER) grants.

The administration also is proposing significant spending reductions to other key county programs in FY19, including the Supplemental Nutrition Assistance Program (SNAP) and Medicaid. Likewise, the Temporary Assistance for Needy Families (TANF) program, state and local law enforcement grants, state and local Homeland Security and FEMA grants, and renewable energy programs all would be in line for large cuts under the Trump budget.

Finally, and after a long-fought battle to ensure that California receives federal disaster aid in the wake of last year's devastating wildfires, the aforementioned BBA provides emergency relief funds for state and local recovery efforts. Under the legislation, direct federal funding is being allocated to California through the Federal Emergency Management Agency's disaster relief fund, as well as the Community Development Block Grant and other existing federal programs. Additionally, the Act requires that the federal government pay 90 percent of debris removal costs (instead of the usual 75 percent cost-share) and provides tax relief for residents and businesses that were impacted by the wildfires.

HEALTH AND HUMAN SERVICES

Family First Prevention Services Act

Despite a glaring lack of stakeholder input and public hearings, the text of the ***Family First Prevention Services Act*** (FFPSA) was included in the recently enacted BBA. The measure, which was opposed by the State of California, CSAC, the County Welfare Directors Association (CWDA), and state child advocates, will require the State and counties to revamp key processes under California's Continuum of Care Reforms. The end result will be significant cost shifts to the State and counties.

Looking ahead, FFPSA implementation will place additional requirements on the assessment of youth for placement in congregate care facilities, as well as institute costly new requirements for the programs to operate with licensed nursing staff on call at all hours of the day (even if the program is not serving children with significant medical needs). In general, the FFPSA will restrict the number of youth who could be served in short-term residential treatment programs and reduce federal funding supporting them. The new law does allow states to request a delay in implementation of up to two years – from October 2019 until October 2021. However, it does not extend the state's child welfare waiver, which expires on October 1, 2019.

Children's Health Insurance Program (CHIP)

CHIP was extended twice during the first quarter, ultimately providing ten years' worth of funding certainty for the program. As expected, the new funding extension phases down the ***Affordable Care Act's*** (ACA) enhanced federal matching rate for CHIP coverage. Beginning in fiscal year 2020, the ACA's 88 percent federal match rate for California will be reduced to 76.5 percent. In fiscal year 2021, the rate will return to its pre-ACA level of 65 percent.

ACA Tax on High-Cost Health Insurance Plans

The ACA's so-called "Cadillac Tax" was postponed for an additional two years, until 2022, pursuant to legislation that was signed into law earlier this year (PL 115-120). Under the ACA, a 40 percent excise tax is imposed on high-cost health insurance plans, which many public employers, including counties, offer to their employees. With the excise tax costs expected to rise over the years as health care expenses increase, the burden on county budgets could be significant.

Other Health Priorities

While the BBA included an additional $200 million for the community health center program for the current fiscal year, as well as another $200 million for fiscal year 2019, the law cuts funding for the Public Health and Prevention Fund by $1.35 billion over the next decade. The Fund is used by state and local health departments to meet community health needs.

FY 18 HHS Appropriations

The fiscal year 2018 omnibus spending bill provides significant spending increases for several key HHS programs, including the Child Care and Development Block Grant. Under the legislation, child care funding will receive a $2.4 billion boost, nearly doubling the program to $5.2 billion in fiscal year 2018.

The bill also increases funding for opioid treatment and intervention programs by $2.55 billion, bringing total fiscal year 2018 funding to $3.6 billion. Within that total, the legislation provides: $415 million to expand behavioral health and substance use disorder prevention and treatment services, particularly in rural communities; $1 billion for a new State Opioid Response Grant; and, $40 million for mental health and substance use prevention and treatment for children and families in the child welfare system.

Furthermore, incentive payments for adoption and legal guardianships were doubled from $37 million to $75 million. The *Child Abuse Prevention and Treatment Act* (CAPTA), which assists states in implementing child safety plans, was increased for the first time since fiscal year 2005, rising from $25 million to $85 million. Also receiving a boost – from $385 million to $445 million – is the *Promoting Safe and Stable Families Act* (PSSF), which funds state and county programs that are designed to support at-risk families.

The omnibus also provides increases for the Healthy Start program and the Maternal and Child Health Block Grant ($7 million and $10 million, respectively). Head Start is receiving a $610 million boost.

Appropriators rejected the Trump administration's proposal to eliminate the Community Services Block Grant (CSBG), the Low Income Home Energy Assistance Program (LIHEAP), and the Social Services Block Grant (SSBG). Under the final spending bill, CSBG is level funded at $715 million and LIHEAP is increased by seven percent, for a total of $3.6 billion. The SSBG again escaped elimination, receiving flat funding of $1.7 billion.

Due to its entitlement nature, the bill provides $74 billion for SNAP, fully funding the program to meet the projected needs of all eligible individuals. Finally, the Women, Infants and Children (WIC) program is fully funded at $6.2 billion, which is based on USDA projections of program enrollments.

INFRASTRUCTURE

Infrastructure spending, particularly for programs under the purview of the U.S. Department of Transportation (DOT), fared well under the recently enacted fiscal year 2018 omnibus appropriations package. All told, DOT programs are receiving $27.3 billion in discretionary funding in the current fiscal year, a boost of $8.7 billion from the fiscal year 2017 enacted levels.

Consistent with the terms of the *Fixing America's Surface Transportation* (FAST) *Act*, the omnibus provides $45 billion for the Federal-aid Highway program, or a $1 billion boost compared to the previous year. The legislation also provides an additional $2.5 billion in discretionary funding for roads and bridges, bringing total federal highway spending to approximately $47.5 billion in fiscal year 2018.

Additionally, the omnibus includes a $1 billion boost for the TIGER grant program, bringing total spending to $1.5 billion. Language is included in the legislation directing that at least 30 percent of TIGER grants must go to rural communities.

In other developments, the White House released this past quarter President Trump's long-awaited infrastructure plan. The document, which does not include legislative text, provides a detailed framework for congressional authorizing committees to consider as they undertake the process of drafting their respective infrastructure bills.

As previously advertised, the White House is proposing $200 billion in direct federal spending in order to leverage as much as $1.5 trillion in state, local and private investment. Under the administration's plan, funding would be allocated across a number of federal departments for several new infrastructure initiatives, including a major new "Infrastructure Incentives Program."

Under the program, DOT, as well as the U.S. Army Corps of Engineers and the Environmental Protection Agency, would solicit grant applications every six months for a broad array of infrastructure projects (i.e., surface transportation, aviation, rail, waterways, water resources, etc.). States, local governments, Metropolitan Planning Organizations (MPOs), and other entities would be eligible to apply for grant funding, with projects evaluated under a competitive rating system that would take into account, among other things, the amount of non-federal revenue available for the project in question.

Pursuant to the administration's plan, federal grant awards could not exceed 20 percent of the total project cost. Incidentally, this would flip the traditional 80-20 federal-state/local match that exists for most federal highway programs.

The Trump plan also includes a number of provisions aimed at enhancing project delivery and environmental streamlining, including a proposal to revise the Statute of Limitations (SOL) under Section 1309 of the FAST Act. That particular section of the law allows up to five qualified states to participate in a pilot program to conduct environmental reviews and make approvals for both state and local transportation projects under State environmental laws and regulations instead of the *National Environmental Policy Act* (NEPA).

While California is well suited to take advantage of the new environmental "reciprocity" program, Caltrans has indicated that it will not apply for participation due to the heightened litigation risks to state and local governments as a result of the existence of a two-year SOL on covered projects. The Trump proposal calls for bringing the Section 1309 program's SOL in line with the judicial review requirements that are in place for other highway and public transportation projects (150 days).

As expected, the reaction to the Trump administration's infrastructure proposal on Capitol Hill was mixed. While members of both parties have embraced the idea of advancing a major public works package designed to fix and upgrade the nation's crumbling infrastructure, many Republicans and Democrats alike are skeptical that a viable funding source to pay for any new spending will be identified and agreed to by Congress.

JUSTICE FUNDING

To follow are funding levels for key Department of Justice grant programs as provided for under the recently enacted omnibus spending legislation.

State Criminal Alien Assistance Program (SCAAP)

The final budget provides $240 million for SCAAP, or a $30 million increase. The boost in funding represents the single largest annual increase in the program since fiscal year 2006. SCAAP partially reimburses counties for incarcerating undocumented criminals with at least one felony or two misdemeanor convictions.

Byrne Justice Assistance Grants (JAG)

JAG, which is the primary source of flexible federal criminal justice funding for state, local, and tribal jurisdictions, is set to receive $416 million in FY18, a $13 million boost. Of that amount, $75.9 million is slated to be diverted to other initiatives, leaving approximately $340 million available for traditional JAG grants. By comparison, the fiscal year 2017 omnibus provided $339 million in funding for traditional JAG grants.

Victims of Crime Act (VOCA)

The omnibus sets the amount of funding for programs authorized under VOCA at roughly $4.4 billion, an increase of more than $1.8 billion. The legislation specifies that three percent of VOCA funds must be directed to Indian tribes for improved services for victims of crime.

Funding to Combat Opioid Abuse

The final budget directs $447 million for DOJ grant programs to help stem opioid abuse, including funds for drug courts, treatment, prescription drug monitoring, heroin enforcement task forces, overdose reversal drugs, and at-risk youth programs. The funding represents a nearly $300 million increase for opioid-related grant programs.

COPS Hiring Program

The omnibus provides nearly $226 million in COPS hiring grants. Within this total, $30 million is designated for Tribal Resources Grants, $10 million is for Community Policing Development, and $36 million will be used for the Regional Information Sharing System. As a result, local governments will be able to compete for approximately $150 million in traditional COPS hiring grants, compared to $137 million available in fiscal year 2017.

Immigration and Sanctuary City Legislation

In other developments this past quarter, a group of House Republicans unveiled a major immigration package that would, among other things, allow DACA beneficiaries to have their legal status renewed. The legislation (HR 4760) also includes a number of border-security measures, including authorization for the construction of a border wall.

In addition, the bill includes language designed to crack down on so-called "sanctuary jurisdictions." Specifically, the legislation would seek to compel states and localities to carry out federal immigration enforcement activities by withholding federal funding from noncompliant jurisdictions. Under the measure, such jurisdictions would be ineligible to receive funding from the following federal grant programs: SCAAP; COPS; Byrne/JAG; and, "any other grant administered by the Department of Justice or Department of Homeland Security that is substantially related to law enforcement, terrorism, national security, immigration, or naturalization."

HR 4760 also includes language that would "clarify" ICE detainer authority. Under the bill, the secretary of DHS would be authorized to issue a detainer to state/local law enforcement if the secretary has probable cause to believe the individual in question is an inadmissible or deportable alien. The legislation also would protect jurisdictions that comply with ICE detainers from the threat of lawsuits. Federal courts have ruled that detainers – which are civil holds and not criminal warrants – violate the Fourth Amendment and thereby open local governments to civil liability.

While HR 4760 may be able to pass the Republican-controlled House, it would likely not advance in the Senate where 60 votes would be needed to break a Democratic filibuster.

FAA Reauthorization

The recently enacted omnibus spending bill extends the authorization for the Federal Aviation Administration (FAA) through September 30. The six-month program patch – which is the latest in a series of short-term extensions – gives lawmakers additional time to complete work on a long-term aviation package.

It should be noted that House floor action on a committee-passed, six-year FAA renewal bill (HR 2997) has been thwarted due to longstanding disputes over provisions that would

privatize the nation's Air Traffic Control (ATC) system. In a potential breakthrough, however, the chairman of the House Transportation & Infrastructure Committee announced this past quarter that he would drop the controversial ATC language from the bill. The move likely paves the way for the House to take up HR 2997 sometime this summer.

Of particular interest to California's self-help counties, Representatives Alan Lowenthal (D-CA) and Grace Napolitano (D-CA) have been working on an amendment to the House FAA bill that is designed to protect states and localities from federal government intrusion regarding the use of their general sales tax revenues. Specifically, the amendment would clarify that local sales tax measures are generally not subject to provisions of federal law that require the proceeds of certain taxes to be spent for aviation purposes. The proposal is supported by CSAC, as well as other state and local interests in California.

The impetus for the amendment is a 2014 FAA ruling that requires States and local governments to spend the proceeds of any aviation-related tax – those derived from excise taxes and local sales taxes – on airport uses only. It is estimated that the policy reinterpretation will mean a loss of over $100 million for the State of California and its local governments. Furthermore, because sales taxes on aviation fuel are not segregated from other taxable sources, state and local governments will need to implement an extensive new tracking system(s) in order to comply with the FAA's policy.

Across Capitol Hill, a bipartisan four-year aviation reauthorization bill (S 1405) is pending before the Senate Commerce, Science, and Transportation Committee. As of this writing, it is unclear whether the panel will consider the bill or whether the legislation will move directly to the Senate floor.

Secure Rural Schools

In a victory for California's forested counties, the fiscal year 2018 omnibus included a two-year extension of the Secure Rural Schools (SRS) program. The long-awaited SRS extension will provide payments to counties for fiscal year 2017 (retroactive) and fiscal year 2018. It should be noted that these payments are actually distributed in fiscal years 2018 and 2019, respectively. The omnibus did not authorize a retroactive payment for fiscal year 2016 (2017 payment year).

Pursuant to the new spending law, the U.S. Forest Service is required to provide the delayed fiscal year 2017 payment in a timely manner – within 45 days of enactment. In an effort to further expedite the distribution of payments, counties will not be given the option, as they have in past years, to elect whether to receive a share of timber harvest receipts or the SRS payment. Instead, the most recent election made by each county will carry forward for fiscal years 2017 and 2018.

For fiscal year 2017, the full funding amount will equal 95 percent of the fiscal year 2015 payment. Similarly, the full funding amount for fiscal year 2018 (2019 payment year) will be 95 percent of the fiscal year 2017 payment. Furthermore, the retroactive fiscal year 2017 disbursement will deduct payments already made under the *Twenty-Five Percent*

Fund Act of 1908, a law that requires the federal government to share with states 25 percent of the receipts generated on national forest land. In the absence of SRS, the law reverts to the 1908 Act.

Federal Forest Management

In addition to extending the Secure Rural Schools program, the omnibus also makes several forest management reforms. The new law includes language providing a categorical exclusion from NEPA for hazardous fuels reduction projects and collaborative restoration projects up to 3,000 acres. The Act also will help expedite projects that reduce vegetation around power lines.

With regard to wildfire funding, the spending bill includes a long sought-after proposal that will alter the budgetary treatment of fighting future wildfires. Specifically, in years when fire suppression costs exceed the ten-year average, a budget-cap adjustment will be used to fund firefighting activities. This new contingency account – which will begin in fiscal year 2020 and run through fiscal year 2027 – will receive an additional $2.3 to nearly $3 billion per year. It should be noted that this funding would only be used once all suppression funds are depleted.

Finally, the omnibus freezes the 10-year average computation of fire suppression costs at the 2015 level. This will enable the Forest Service to invest in other valuable programs, without having to dedicate an increasing percentage of its budget to firefighting costs.

Payments-In-Lieu-of-Taxes

In another victory for California's counties, the fiscal year 2018 omnibus spending law provides one year of mandatory funding ($530 million) for the PILT program, a $65 million increase. Notably, House and Senate appropriators initially included level funding ($465 million) for PILT in their respective Interior spending bills for fiscal year 2018. In addition, the president's fiscal year 2018 budget requested only $397 million for the program.

With regard to fiscal year 2019, the president's budget proposed $465 million for PILT, which would reduce the program to fiscal year 2017 levels. At this point, however, it is unclear whether appropriators will accept the president's recommendation or continue to fully fund the program. While the future of PILT funding remains uncertain, CSAC continues to urge members of the California congressional delegation to make the program a top budgetary priority.

On the long-term reauthorization front, Representatives Jared Polis (D-CO) and Mark Meadows (R-NC) recently introduced bipartisan legislation – the *PILT and SRS Certainty Act* (HR 5084) – that would provide five years of mandatory funding for PILT at an annual level of $465 million. HR 5084 also would extend the SRS program through fiscal year 2020. While no action has been scheduled on the measure, it has been referred to the Committee on Natural Resources, as well as the Committee on Agriculture.

Native American Affairs

The U.S. Department of the Interior announced during the first quarter yet another revised timeline for its planned review of regulations that govern the fee-to-trust process (found at 25 CFR Part 151). While the Department had initially planned to hold a series of consultation sessions with tribes in late 2017, a series of events precipitated changes to the schedule. At the conclusion of the first quarter, Interior had conducted all but one of its planned consultation meetings.

In addition to revising the timeline for its regulatory review, Interior also announced a change in its approach to considering potential modifications to the Part 151 process. Specifically, the Department indicated that it would engage in a "broader discussion" with tribes regarding the direction of any possible regulatory updates. It should be noted that many of the changes to the Part 151 regulations, which were included in a "Consultation Draft" document that was released in October, would be beneficial for county governments and are consistent with CSAC policy on Indian gaming and fee-to-trust reform.

While the Department's revised direction signals a more deliberate approach to considering changes in the trust acquisition process, it appears as though Interior will ultimately continue on a path that will likely lead to a formal rulemaking designed to modify the Part 151 regulations.

On the legislative front, lawmakers have not taken action on a bill (HR 130) that would overturn the Supreme Court's 2009 *Carcieri v Salazar* decision. In *Carcieri*, the Court determined that the secretary of the Interior's trust land acquisition authority is limited to those tribes that were "under federal jurisdiction" at the time of the passage of the *Indian Reorganization Act of 1934*. Since the Court's ruling, Indian tribes have demanded a simple legislative reversal of the *Carcieri* decision while county governments, led by CSAC, have pursued comprehensive reforms to the Bureau of Indian Affairs' fee-to-trust process.

Cannabis

The omnibus spending package retained a policy rider – commonly referred to as the Rohrabacher-Blumenauer amendment – which expressly prohibits DOJ from using federal resources to prosecute individuals or businesses acting in compliance with state-legal *medical* cannabis laws. While the language has been included in previous spending bills dating back to fiscal year 2015, House leaders blocked a vote on the amendment during early negotiations on the fiscal year 2018 spending bill.

On a related matter, Representatives Tom McClintock (R-CA) and Jared Polis (D-CO) spearheaded a recent Dear Colleague letter to House leaders urging the inclusion of language that would go even further and shield states that have legalized the use of *recreational* cannabis from federal interference. The correspondence was signed by 69 bipartisan members of the House, including 17 members from the California congressional delegation. By comparison, a similar letter garnered only 16 signatures in

the previous year. While their request was ultimately unsuccessful, there appears to be growing momentum to extend the Rohrabacher-Blumenauer protections to adult use.

It should be noted that the cannabis rider took on a new level of importance this budget cycle following Attorney General Jeff Sessions' move to rescind the Obama-era guidance on federal marijuana enforcement, otherwise known as the Cole Memo. The Cole Memo directed U.S. Attorneys to de-prioritize the use of federal resources to enforce the prohibition of cannabis under the *Controlled Substances Act*. Instead, the Sessions Memo urges federal prosecutors to weigh all relevant considerations when exercising their discretion regarding which cases to pursue.

In response, a number of members of Congress from both sides of the aisle have urged President Trump to immediately reinstate the Cole Memo. While the political pressure is unlikely to effectuate a change in administration policy, there is a growing coalition of lawmakers from key states who are continuing to look for opportunities to protect state-legal cannabis laws.

Finally, a number of State Attorneys General, including Xavier Becerra from California, sent recent correspondence to Congress regarding the lack of banking services available to state-legal cannabis businesses. Specifically, the letter urged House and Senate leaders to advance legislation – such as the *SAFE Banking Act* (HR 2215/S 1152) – that would provide marijuana-related businesses with legal access to banking services.

We hope this information is useful to California county officials. If you have any questions or comments, please feel free to contact us.

County Counsels' Association of California

MEMORANDUM

To: **Supervisor Leticia Perez, President, and Members of the CSAC Board of Directors**

From: **Jennifer Henning, Litigation Coordinator**

Date: **May 17, 2018**

Re: **Litigation Coordination Program Update**

This memorandum will provide you with information on the Litigation Coordination Program's new case activities. Briefs filed on CSAC's behalf are available at: http://www.counties.org/csac-litigation-coordination-program.

The following jurisdictions are receiving amicus support in the new cases described in this report:

COUNTIES	CITIES	OTHER AGENCIES
Amador	Covina	22d Agricultural District
Maui, HI	Hermosa Beach	Calif School Bd Ass'n
Riverside	Oakland	Marin Municipal Water District
San Francisco	San Jose	Sacramento Metro Cable TV Comm.
San Mateo		Santa Clara Valley Trans.
Sonoma		

Agua Caliente Band of Cahuilla Indians v. Riverside County
Pending in the Ninth Circuit Court of Appeals (filed July 7, 2017)(17-56003)
Status: Fully Briefed; Case Pending

The Agua Caliente Tribe is challenging the ability of Riverside County to assess and collect possessory interest tax on non-tribal leasehold interests on tribal lands. The Tribe argues that the tax, which is authorized by State law (Rev. & Tax., § 107.1), is preempted by federal law. The district court ruled in favor of the county, finding that the tax is not preempted by the federal Indian Reorganization Act (IRA), and that even if the IRA applied, the balancing test for determining federal preemption of a state tax weighs in favor of the county. The Tribe has appealed. CSAC filed an amicus brief in support of Riverside County.

Banks v. County of San Mateo
Pending in the Ninth Circuit Court of Appeals (filed Nov. 3, 2017)(17-17271)
Status: Amicus Brief Due June 20, 2018

These consolidated cases were brought against the counties of San Mateo, Alameda, Santa Clara and Contra Costa. The cases allege that the counties violated various statutory and constitutional provisions by obtaining significant commissions when contracting with telephone service providers that have the exclusive right to provide telephone service in the counties' correctional facilities. Plaintiffs allege those service providers charge "grossly unfair and excessive phone charges" that infringe on the ability of family and friends to maintain communication with inmates. The federal district court ruled in favor of the counties. The court noted that Penal Code section 4025 authorizes the counties to enter into these agreements, specifically directing that the income derived from such agreements be deposited into a special fund and used for inmate welfare. The court also held that the telephone fees do not violate the First or Fifth Amendments, or violate Equal Protection. Plaintiffs have appealed, and CSAC will file a brief in support of the counties.

Building Industry Association – Bay Area v. City of Oakland
Pending in the Ninth Circuit Court of Appeals (filed Mar. 5, 2018)(18-15368)
Status: Amicus Brief Due July 20, 2018

This case is a constitutional challenge to the city's public art ordinance, which requires residential and commercial development projects over a certain size to spend a specified percentage of building costs on public art installations. Plaintiff argues the ordinance violates the Takings Clause of the Fifth Amendment, and that it compels speech in violation of the First Amendment. The district court ruled in favor of the city on both counts. First, the court found that the constitutional restrictions on exactions only to ad hoc conditions placed on individual developers, and not to legislation that is generally applicable to all developers. As to the First Amendment claim, the court held that the ordinance, which requires no specific speech or message, and which contains an in lieu fee alternative, satisfies the applicable First Amendment scrutiny for such a regulation. The BIA has appealed, and CSAC will file an amicus brief in support of the City of Oakland to argue against the analysis on exactions being applied to legislative land use activities of general applicability.

California School Boards Association v. State of California
19 Cal.App.5th 566 (1st Dist. Jan. 16, 2018)(A148606), *petition for review granted* (Apr. 18, 2018)(S247266)
Status: Case Pending; Party Briefing Underway

The First Appellate District has found that the Legislature meets it obligations to provide subventions to schools for mandated activities under article XIII B, section 6 of the California Constitution when it designates funding it already provides to school districts as offsetting revenue when reimbursing them for the costs of new state-mandated programs. The court concluded that Government Code section 17557, which authorizes using "offsetting" revenue in this way, does not violate article XIII B, section 6. The court rejected CSBA's argument that section 17557 unconstitutionally "allows the State to identify 'offsetting revenues' that will reduce or eliminate its mandate debt even if no new or additional funds are actually provided," or require schools to divert money from other

programs to pay for state mandates. Instead, the court determined that using offsetting revenues to pay for state mandates does not require schools to use their local revenue to pay for programs, so there is no conflict with the constitutional requirement to provide subventions. CSAC supported CSBA's petition for Supreme Court review, which was granted.

Comcast of Sacramento v. Sacramento Metropolitan Cable Television Commission
Pending in the Ninth Circuit Court of Appeals (filed Sept. 20, 2017)(17-16923)
Status: Amicus Brief Filed April 13, 2018; Case Pending

This case involves a dispute on how to calculate cable franchise fees following California's adoption in 2006 of the Digital Infrastructure and Video Competition Act (DIVCA). Under DIVCA, franchise-granting authority for video service was moved from local authorities (like defendant commission in this case) to the CPUC. Plaintiff alleged that after it switched to a CPUC-issued franchise, it would continue to pay state franchise fees to defendant SMCTC as required by DIVCA, but would deduct its CPUC fees from the franchise fees paid to SMCTC. Plaintiff also indicated that its gross revenue for purposes of calculating its franchise fee would not include payments it received from subscribers for public, educational, and governmental (PEG) fees. The district court: (1) agreed with SMCTC that Comcast could not subtract its CPUC fees from the franchise fees paid to SMCTC; but (2) agreed with Comcast that PEG fees are not included in gross revenue for purposes of calculating the franchise fee. CSAC filed a brief in support of SMCTC.

County of Amador v. United States Department of Interior
872 F.3d 1012 (9th Cir. Oct. 6, 2017)(15-17253), *cert. petition pending* (filed Apr. 13, 2018)(17-1432)
Status: Amicus Brief Due May 18, 2018
In *Carcieri v. Salazar*, the Supreme Court held that the Secretary of the Department of Interior's authority to take land into trust on behalf of "persons of Indian descent who are members of any recognized Indian tribe now under Federal jurisdiction" unambiguously refers to a tribe "under federal jurisdiction" on June 1, 1934, (the date the Indian Reorganization Act was adopted) rather than a tribe "under federal jurisdiction" at the time the Secretary sought to take the land into trust. This case involves the Ione Band, which was not a recognized tribe in 1934. Nevertheless, in 2012, DOI took land into trust for the Ione Band and granted them rights to build a casino gaming complex. The DOI takes the position that "recognition" of a tribe (unlike jurisdiction) need not have necessarily existed in 1934, but that subsequent "recognition" is sufficient. DOI also interprets the phrase "under federal jurisdiction" to mean that prior to 1934 the government had "taken an action or series of actions through a course of dealings or other relevant acts for or on behalf of the tribe or in some instance tribal members that are sufficient to establish, or that generally reflect federal obligations, duties, responsibility for or authority over the tribe by the Federal Government." Amador County challenged DOI's action, but the Ninth Circuit, ruled against the county. Amador County has filed a petition for certiorari to the United States Supreme Court, and CSAC will file a brief in support.

Covina Residents for Responsible Development v. City of Covina
21 Cal.App.5th 712 (2d Dist. Feb. 28, 2018)(B279590), *ordered published* (Mar. 22, 2018)
Status: Case Closed

This opinion involves a CEQA challenge to the city's approval of an in-fill project (68 units, mixed use, ¼ mile from commuter rail station). Plaintiff alleged that the project's parking impacts required an EIR rather than a mitigated negative declaration. The Court of Appeal concluded that Public Resources Code section 21099(d)(1) exempted the project's parking impacts from the requirements of CEQA review, and therefore the city's actions were proper. Section 21099 exempts certain types of impacts in a "transit priority area" from CEQA review. The court found there is very little question that section 21099 applies to this project, and rejected plaintiff's attempt to apply cases that were decided before section 21099 was enacted. CSAC's publication request was granted.

Hawaii Wildlife Fund v. County of Maui
881 F.3d 754 (9th Cir. Feb. 1, 2018)(15-17447), *petition for rehearing en banc denied* (Mar. 30, 2018)
Status: Case Closed

The County operates a wastewater treatment facility that releases treated wastewater into four underground injection control wells. It is undisputed that wastewater from the wells moves through unconfined groundwater and eventually reaches the ocean. Plaintiffs filed this challenge under the federal Clean Water Act (CWA). The district court found that the County violated the CWA because its treated wastewater reached navigable water without an NPDES permit. The Ninth Circuit Court of Appeals affirmed, finding that the plain language of the CWA prohibits the discharge of pollutants from a point source to navigable waters regardless of whether the pollutant directly enters navigable waters or is indirectly conveyed to navigable waters through some other source. Specifically, the court found that pollutants that are discharged to "waters of the United States" through groundwater or any other medium that is "fairly traceable" to a point source falls requires a CWA permit. What is considered "fairly traceable" will almost certainly to the subject of future litigation, which the court essentially acknowledged in noting that it was saving "to another day the task of determining when, if ever, the connection between a point source and a navigable water is too tenuous." CSAC supported Maui County's petition for rehearing, but rehearing was denied.

Johnston v. City of Hermosa Beach
Unpublished Opinion of the Second Appellate District, 2018 Cal.App.Unpub.LEXIS 381 (2d Dist. Jan. 17, 2018)(B278424), *request for publication denied* (Apr. 11, 2018)(S247058), *petition for review denied* (Apr. 11, 2018)(S247058)
Status: Case Closed

The Second Appellate District, in an unpublished opinion, has found that the Coastal Act does not preempt a local ordinance prohibiting short term vacation rentals. Plaintiff argued that the Coastal Act prevented the city from adopting such an ordinance without seeking approval of the Coastal Commission. The Second District disagreed, concluding that the ordinance was enacted pursuant to the city's police power, and is not considered "development" that falls under the auspices of the Coastal Commission. The court further concluded that the absence of a certified Local Coastal Plan did not eliminate

the city's ability to enact and amend zoning ordinances. CSAC's request for publication was denied.

Lopez v. Gelhaus
871 F.3d 998 (9th Cir. Sept. 22, 2017)(16-15175), *petition for certiorari pending* (filed Mar. 27, 2018)(17-1354)
Status: Petition for Certiorari Fully Briefed and Pending

In a 2-1 decision, the Ninth Circuit denied qualified immunity to an officer involved in a shooting death of a minor, Andy Lopez. Lopez was carrying what appeared to be an AK-47 down the street in the middle of the afternoon. The officer on patrol with his partner chirped the siren in their car, pulled off to the side of the road, opened the car door and ordered Lopez to drop the weapon. Lopez turned toward the officers with the gun still in his hand, at which point the officer shot at Lopez, mortally wounding him. Afterwards, the officers learned the "gun" was not an AK-47, but a toy gun. Lopez's estate brought this Fourth Amendment case against the officer who fired the shot and Sonoma County. The district court denied the county's motion for summary judgment based on qualified immunity, and the Ninth Circuit affirmed. Noting prior case law stating that summary judgment should be granted sparingly in excessive force cases, the court reviewed the facts and found that, viewed in a light most favorable to the nonmoving party, a reasonable jury could find a Fourth Amendment violation. The court also concluded the right was clearly established at the time of the incident.

A vigorous dissent by Circuit Judge Wallace noted that the only fact that is relevant is the district court's finding that the "gun" was in upward motion as Lopez turned toward the officer. Under those circumstances, the dissent concludes the officer is entitled to qualified immunity notwithstanding the fact that in retrospect, the officers were in no danger. The dissent also argues that the majority opinion changes the rule from "taking facts in a light most favorable to the non-moving party" to "we must accept as true all facts not conclusively disproved by evidence in the record even if those facts have no evidentiary support of its own," which the dissent views as "plainly wrong." Sonoma County is sought rehearing en banc, which CSAC supported, but rehearing was denied. The County is seeking U.S. Supreme Court review, and CSAC has filed a brief in support.

Morales v. 22d Agricultural District
Pending in the Fourth District, Division One (filed June 29, 2017)(D072378)
Status: Case Fully Briefed and Pending

The 22nd District Agricultural Association (DAA) is a California state agency that owns and manages the Del Mar Fairgrounds. Plaintiffs are seasonal employees of DAA, who allege that DAA violated California's overtime laws. Though plaintiffs acknowledge that the overtime laws do not apply to public entities, plaintiffs nevertheless allege liability based on a joint employer theory, arguing that when the DAA loans its employees to outside promoters to support "interim events" (such as expos, private parties, weddings, etc.) and charges the outside promoters the labor costs of employing the employees, the Labor Code provisions apply. The trial court ruled in favor of DAA, concluding that the joint employer doctrine does not extend California's overtime laws when a joint employer is otherwise exempt from those laws. Plaintiffs have appealed, and CSAC has filed a brief in support of the DAA.

Rodriguez v. City of San Jose
Pending in the Ninth Circuit Court of Appeals (filed Oct. 20, 2017)(17-17144)
Status: Amicus Brief Due July 2, 2018

Plaintiff's husband was detained under W&I 5150 following a mental health breakdown at their home. The city's police officers seized 12 firearms from the home under W&I 8102(a), which requires confiscation of any firearms owned by or found in the possession or control of a person detained for an examination of his or her mental condition. Plaintiff requested that the guns be returned so she could store them until her husband could lawfully possess them again. The city petitioned in state court to determine whether the guns should be returned, and the court determined the guns should not be returned because doing so would put the husband and others in potential danger. Plaintiff then filed this action in federal court, alleging violations of the Second, Fourth, Fifth, and Fourteenth Amendments. The district court granted summary judgment in favor of the city, concluding that plaintiff did not have a Second Amendment right to possess these particular guns, and that the confiscation of the firearms was reasonable. Plaintiff has appealed. CSAC will file an amicus brief, but limited to the issue of whether a local government can be held liable for damages when it is merely executing state law and a municipal ordinance or policy.

Ryan v. Fabela
Pending in the Ninth Circuit Court of Appeals (filed Feb. 12, 2018)(18-15232)
Status: Amicus Brief Due June 29, 2018

Plaintiff is a former at-will attorney with the Santa Clara Valley Transportation Authority. He had poor relationships with his internal clients from his hiring in 2007, and was eventually terminated in 2015 after an employee of the Authority filed a 23-page claim alleging a lengthy course of harassment by plaintiff. He sued on several grounds, but the only issue remaining on appeal is the claim that he was actually terminated because of a Facebook post containing political speech [a scathing post an Authority official] in violation of his First Amendment rights. After the Authority's General Counsel was denied qualified immunity, they filed this appeal, arguing: (1) the district court erred in determining, as a matter of law, that plaintiff's First Amendment rights were violated; and (2) even if his rights were violated, it was not clearly established at the time of the termination that defendant was precluded from terminating plaintiff despite his refusal to correct his poor performance or follow numerous directives and warnings. CSAC will file a brief in support of the Authority.

Synergy Project Management v. City and County of San Francisco
Pending in the First Appellate District (filed May 4, 2018)(A151199)
Status: Amicus Brief Due May 22, 2018

This case involves removal of subcontractors from their projects under the Subletting and Subcontracting Fair Practices Act. Part of that Act (Public Contract Code section 4107) allows for removal of a subcontractor where the subcontractor's work is "substantially unsatisfactory and not in substantial accordance with the plans and specifications." Plaintiff argues that this section cannot be initiated by the public agency, but rather can only be initiated by the prime contractor. San Francisco has appealed,

arguing that Section 4017 vests in the awarding authority, not the prime contractor, the right to determine whether a subcontractor's work is substantially unsatisfactory, and to initiate a Section 4017 removal hearing even where the prime contractor objects to the removal of the subcontractor. CSAC will file a brief in support of San Francisco.

Walker v. Marin Municipal Water District
Pending in the First Appellate District (filed Aug. 4, 2017)(A152048)
Status: Amicus Brief Due May 21, 2018
Plaintiff brought this Prop. 218 challenge against the water district's rate ordinances, but did not attend any public hearings or file a written protest to the district's proposed rate ordinances before seeking judicial review. The trial court initially found that plaintiff failed to exhaust her administrative remedies. But following the Fourth District's opinion in *Plantier v. Ramona Municipal Water District* (2017) 12 Cal.App.5th 856 [another CSAC amicus case, which is now pending at the California Supreme Court], the trial court vacated its original judgment and granted a new trial. That order is now pending on appeal. CSAC will file a brief in support of the District.

INSTITUTE FOR LOCAL GOVERNMENT℠

Promoting Good Government at the Local Level

Update on Activities

May 2018

The Institute for Local Government (ILG) is the research and education affiliate of the California State Association of Counties, the League of California Cities and the California Special Districts Association.

ILG promotes good government at the local level with practical, impartial and easy-to-use resources for California communities. Our resources on ethics and transparency, local government basics, public engagement, sustainable communities and collaboration and partnerships are available at www.ca-ilg.org.

Highlights

- CSAC, ILG and the League release Homelessness Task Force Report
- 2018 Beacon Award Call for Data Open Now
- Connect with ILG at the Legislative Conference in Sacramento

Joint Homelessness Task Force

CSAC, ILG and the League released the Homelessness Task Force report on March 1st. The report can be accessed at www.ca-ilg.org/homelessness. Since the release, the report and related resources have been accessed over 4,000 times and downloaded over 1,200 times. ILG facilitated a webinar "Hope for Homelessness" in March featuring Task Force co-chairs Grass Valley Councilwoman Jan Arbuckle and Yolo County Supervisor Oscar Villegas that drew nearly 500 registrants. That recording can be found on ILG's and CSAC's websites. CSAC's Farrah McDaid-Ting joined ILG and League staff to present on the report at ILG's Board meeting in March. In addition, ILG staff presented to CSAC's Health and Human Services Policy Committee meeting in March, to CalRecycle's Illegal Dumping Advisory Committee in April, and is planning a webinar highlighting case stories from the report in May or June. ILG will also support the full day workshops that CSAC and the League will be hosting later this year.

Beacon Program – Call for Data and 2018 Award Ceremony

On April 1st, ILG opened the call for data for 2018 Beacon and Spotlight Awards. If your county is interested in applying for an award for your sustainability efforts, visit www.ca-ilg.org/BeaconProgram or contact Karalee

Browne at kbrowne@ca-ilg.org. A full list of participating cities and counties can be found here: www.ca-ilg.org/beacon-program-participants.

Workshops and Trainings

TIERS Public Engagement Learning Lab

On March 13th and 14th, ILG's Public Engagement team held a TIERS Public Engagement Learning Lab in Sacramento for teams of city, county and special district staff. Staff from Yolo County participated in the training.

ILG will be hosting another TIERS Learning Lab in San Diego on June 5th and 6th. If your county is interested in participating, visit www.ca-ilg.org/TIERS or contact publicengagement@ca-ilg.org.

Joint CSAC/ILG efforts:

- On March 7th, ILG moderated a webinar hosted by the League and CSAC "Hope for Homelessness," that drew nearly 500 registrants. The recording of that webinar can be accessed on ILG's and CSAC's websites.
- In June, ILG will be facilitating a CSAC Institute course on "Emerging Issue: Homeless and At-Risk Youth." This class will engage participants in a discussion on many facets of youth homelessness including root causes and identification of homeless youth, school/county partnerships, foster youth, truancy and economic development. Attendees will hear from experts in the field along with lessons learned from counties implementing promising and successful programs. For more information and registration, visit CSAC's website.

Additional Workshops and Trainings:

- On February 26th, ILG facilitated the City of Roseville's "A Community Conversation." 150 residents attended to discuss potential cuts to fire, police, parks and recreation and libraries. In preparation for this, ILG trained 25 city staffers to be table-level facilitators.
- The Sustainability and Public Engagement teams ran a workshop on climate planning for the Gateway Cities on Wednesday, February 28th. This was part of our larger Gateway Cities work to help the region create a regional Climate Action Planning Framework that local jurisdictions can use to develop a voluntary Climate Action Plan (CAP) to reduce greenhouse gas emission in their communities.
- On March 21st, ILG hosted a Healthy and Sustainable Communities Partnership Dinner in Riverside in partnership with the American Lung Association of California.
- On March 30th, ILG moderated a webinar on "Census 2020: How Local Governments Can Conduct Community-Based Address Canvassing to Ensure Low-Income People Are Counted" in partnership with Community Connect Labs.
- ILG facilitated sessions on "Tie into TIERS — A Framework for Practical Public Engagement" at the CAPIO Annual Conference and the League's Public Works Institute.
- ILG facilitated an AB 1234 training at the League's Planning Commissioners Academy in early April.
- On April 12th, ILG hosted a webinar on "Get Your Public Meetings Back on Track! Tips and Tricks for Effective Meetings" drawing 140 registrants. The webinar featured Santa Clara County Supervisor Joe Simitian and City Attorney Tom Jex. The recording of that webinar can be found here: www.ca-ilg.org/post/ilg-webinar-archives.
- On April 20th, ILG hosted a meeting with Cal-ICMA to discuss next steps for their Survival Skills and Talent Initiative projects. Representatives from CSAC, CSDA, the League, MMANC and MMASC participated. One of the topics of the meeting was ILG's

Attribute of Exceptional Boards/Councils resource and Leadership and Governance Resource Center that can be found here: www.ca-ilg.org/leadership.

- ILG's Public Engagement Team hosted a convening in Contra Costa County on April 25th "Local Government Learning Exchange: Engaging Immigrant Communities in Contra Costa County." About 40 local government staff (from Contra Costa County and cities in the county) and non-profit representatives attended to learn more about how to enhance community engagement efforts to build inclusive, welcoming communities.
- ILG's Public Engagement Panel of Advisors met on May 4th to discuss recent public engagement efforts and the future of the program.

New Articles and Resources

- *Task Force Report Helps Local Governments Address Homelessness* provides an overview of the Joint Homelessness Task Force report and resources available to local governments. (www.westerncity.com/Western-City/May-2018/Task-Force-Report-Helps-Cities-Address-Homelessness/)
- *Spanish-Language Leadership Academies Build Trust and Civic Participation Active* discusses how local governments throughout California are conducting Spanish-language leadership academies to build the civic knowledge and participation of Latino residents.(www.westerncity.com/Western-City/April-2018/Spanish-Language-Leadership-Academies-Build-Trust-and-Civic-Participation/)
- *State Climate Investments Boost Local Communities* discusses how leaders throughout California are finding that state programs aimed at solving climate change can also help them tackle many other community priorities. (www.westerncity.com/Western-City/May-2018/State-Climate-Investments-Boost-Local-Communities/)
- *Resiliency Is Key to Managing the Risks of Climate Change* shares resources that local governments can use to prepare for the "new normal." (www.westerncity.com/Western-City/March-2018/Resiliency-Is-Key-to-Managing-the-Risks-of-Climate-Change/)
- In preparation for the webinar "Municipal Elections from Start to Finish," staff worked with ILG's law firm partners to update ILG's resource "Ballot Measure Activities and Public Resources" which outlines tips for local officials and staff about what they should and should not do related to campaigns. Find that resource at: www.ca-ilg.org/ballot-measure-activities.

Board of Directors

In March, ILG's Board of Directors met and heard updates on the Homelessness Task Force Report, climate resilience and 2018 programmatic efforts. CSAC's Farrah McDaid-Ting participated in the discussion of the Homelessness Task Force.

The remaining 2018 Board meeting dates are:

- Friday, June 15th (Sacramento)
- Thursday/Friday, August 23rd-24th (Santa Rosa)
- Friday, November 16th (Sacramento)

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May 17, 2018

To: CSAC Board of Directors

From: Ed Valenzuela, Treasurer
Graham Knaus, Executive Director

RE: IRS Form 990 Information Item

The Form 990 is required by the IRS to be filed annually by nonprofit mutual benefit corporations including CSAC. The intent of the Form 990 is for the IRS to collect information about activities, revenues, and expenses to ensure continued status as a tax-exempt entity.

The Form 990 is completed annually and submitted to the Executive Committee for approval, and provided to the Board as an informational item.

As has been the case for the last couple of years, CSAC has no net tax liability due to a prior adjustment to our tax basis as a result of a 2014 building sale. This will likely remain the case for the next few years as well.

2017 is the first full year with the transfer of the CSAC Institute from the CSAC general fund budget to the California Counties Foundation. The transfer has no overall net impact but does shift revenues and expenses from the CSAC taxes to the Foundation.

In addition to the tax components of the Form 990, we are required to state the hours of the Board, Executive Committee and officers for time devoted to the organization. Reported weekly hours currently reflect the following:

President and Officers:	8 hours
Executive Committee:	1.5 hours
Board:	.5 hours

The 2017 complete Form 990 is available upon request.

Form **990-T**

Department of the Treasury
Internal Revenue Service

Exempt Organization Business Income Tax Return
(and proxy tax under section 6033(e))

For calendar year 2016 or other tax year beginning JUL 1, 2016 , and ending JUN 30, 2017 .

▶ Information about Form 990-T and its instructions is available at *www.irs.gov/form990t.*

▶ Do not enter SSN numbers on this form as it may be made public if your organization is a 501(c)(3).

OMB No. 1545-0687

2016

Open to Public Inspection for 501(c)(3) Organizations Only

A ☐ Check box if address changed

B Exempt under section
☒ 501(c)(4)
☐ 408(e) ☐ 220(e)
☐ 408A ☐ 530(a)
☐ 529(a)

Print or Type

Name of organization (☐ Check box if name changed and see instructions.)
COUNTY SUPERVISORS ASSOCIATION OF CALIF.

Number, street, and room or suite no. If a P.O. box, see instructions.
1100 K STREET, SUITE 101

City or town, state or province, country, and ZIP or foreign postal code
SACRAMENTO, CA 95814

D Employer identification number (Employees' trust, see instructions.)
94-6000551

E Unrelated business activity codes (See instructions.)
541200 531120

C Book value of all assets at end of year
9,068,446.

F Group exemption number (See instructions.) ▶

G Check organization type ▶ ☒ 501(c) corporation ☐ 501(c) trust ☐ 401(a) trust ☐ Other trust

H Describe the organization's primary unrelated business activity. ▶ SERVICES

I During the tax year, was the corporation a subsidiary in an affiliated group or a parent-subsidiary controlled group? ▶ ☐ Yes ☒ No

If "Yes," enter the name and identifying number of the parent corporation. ▶

J The books are in care of ▶ KELLI OROPEZA Telephone number ▶ 916 327-7500

Part I Unrelated Trade or Business Income

			(A) Income	(B) Expenses	(C) Net
1a	Gross receipts or sales				
b	Less returns and allowances	c Balance ▶ 1c			
2	Cost of goods sold (Schedule A, line 7)	2			
3	Gross profit. Subtract line 2 from line 1c	3			
4a	Capital gain net income (attach Schedule D)	4a			
b	Net gain (loss) (Form 4797, Part II, line 17) (attach Form 4797)	4b			
c	Capital loss deduction for trusts	4c			
5	Income (loss) from partnerships and S corporations (attach statement)	5			
6	Rent income (Schedule C)	6			
7	Unrelated debt-financed income (Schedule E)	7			
8	Interest, annuities, royalties, and rents from controlled organizations (Sch. F)	8	13,950.		13,950.
9	Investment income of a section 501(c)(7), (9), or (17) organization (Schedule G)	9			
10	Exploited exempt activity income (Schedule I)	10			
11	Advertising income (Schedule J)	11			
12	Other income (See instructions; attach schedule) STATEMENT 1	12	437,121.		437,121.
13	**Total.** Combine lines 3 through 12	13	451,071.		451,071.

Part II Deductions Not Taken Elsewhere (See instructions for limitations on deductions.)

(Except for contributions, deductions must be directly connected with the unrelated business income.)

14	Compensation of officers, directors, and trustees (Schedule K)		14	
15	Salaries and wages		15	132,264.
16	Repairs and maintenance		16	17,944.
17	Bad debts		17	
18	Interest (attach schedule)		18	
19	Taxes and licenses		19	414.
20	Charitable contributions (See instructions for limitation rules) STATEMENT 4 SEE STATEMENT 2		20	0.
21	Depreciation (attach Form 4562)	21		
22	Less depreciation claimed on Schedule A and elsewhere on return	22a	22b	
23	Depletion		23	
24	Contributions to deferred compensation plans		24	
25	Employee benefit programs		25	114,876.
26	Excess exempt expenses (Schedule I)		26	
27	Excess readership costs (Schedule J)		27	
28	Other deductions (attach schedule) SEE STATEMENT 3		28	95,912.
29	**Total deductions.** Add lines 14 through 28		29	361,410.
30	Unrelated business taxable income before net operating loss deduction. Subtract line 29 from line 13		30	89,661.
31	Net operating loss deduction (limited to the amount on line 30) SEE STATEMENT 5		31	89,661.
32	Unrelated business taxable income before specific deduction. Subtract line 31 from line 30		32	0.
33	Specific deduction (Generally $1,000, but see line 33 instructions for exceptions)		33	1,000.
34	**Unrelated business taxable income.** Subtract line 33 from line 32. If line 33 is greater than line 32, enter the smaller of zero or line 32		34	0.

Part III Tax Computation

35	**Organizations Taxable as Corporations.** See instructions for tax computation. Controlled group members (sections 1561 and 1563) check here ▶ ☐ See instructions and:		
a	Enter your share of the $50,000, $25,000, and $9,925,000 taxable income brackets (in that order): (1) $ (2) $ (3) $		
b	Enter organization's share of: (1) Additional 5% tax (not more than $11,750) $ (2) Additional 3% tax (not more than $100,000) $		
c	Income tax on the amount on line 34 ▶	35c	0.
36	**Trusts Taxable at Trust Rates.** See instructions for tax computation. Income tax on the amount on line 34 from: ☐ Tax rate schedule or ☐ Schedule D (Form 1041) ▶	36	
37	**Proxy tax.** See instructions ▶	37	
38	Alternative minimum tax	38	
39	**Tax on Non-Compliant Facility Income.** See instructions	39	
40	Total. Add lines 37, 38 and 39 to line 35c or 36, whichever applies	40	0.

Part IV Tax and Payments

41a	Foreign tax credit (corporations attach Form 1118; trusts attach Form 1116)	41a			
b	Other credits (see instructions)	41b			
c	General business credit. Attach Form 3800	41c			
d	Credit for prior year minimum tax (attach Form 8801 or 8827)	41d			
e	**Total credits.** Add lines 41a through 41d			41e	
42	Subtract line 41e from line 40			42	0.
43	Other taxes. Check if from: ☐ Form 4255 ☐ Form 8611 ☐ Form 8697 ☐ Form 8866 ☐ Other (attach schedule)			43	
44	**Total tax.** Add lines 42 and 43			44	0.
45 a	Payments: A 2015 overpayment credited to 2016	45a			
b	2016 estimated tax payments	45b			
c	Tax deposited with Form 8868	45c			
d	Foreign organizations: Tax paid or withheld at source (see instructions)	45d			
e	Backup withholding (see instructions)	45e			
f	Credit for small employer health insurance premiums (Attach Form 8941)	45f			
g	Other credits and payments: ☐ Form 2439 ☐ Form 4136 ☐ Other Total ▶	45g			
46	**Total payments.** Add lines 45a through 45g			46	
47	Estimated tax penalty (see instructions). Check if Form 2220 is attached ▶ ☐			47	
48	**Tax due.** If line 46 is less than the total of lines 44 and 47, enter amount owed ▶			48	0.
49	**Overpayment.** If line 46 is larger than the total of lines 44 and 47, enter amount overpaid ▶			49	0.
50	Enter the amount of line 49 you want: Credited to 2017 estimated tax ▶ Refunded ▶			50	

Part V Statements Regarding Certain Activities and Other Information (see instructions)

		Yes	No
51	At any time during the 2016 calendar year, did the organization have an interest in or a signature or other authority over a financial account (bank, securities, or other) in a foreign country? If YES, the organization may have to file FinCEN Form 114, Report of Foreign Bank and Financial Accounts. If YES, enter the name of the foreign country here ▶		X
52	During the tax year, did the organization receive a distribution from, or was it the grantor of, or transferor to, a foreign trust? If YES, see instructions for other forms the organization may have to file.		X
53	Enter the amount of tax-exempt interest received or accrued during the tax year ▶$		

Sign Here

Under penalties of perjury, I declare that I have examined this return, including accompanying schedules and statements, and to the best of my knowledge and belief, it is true, correct, and complete. Declaration of preparer (other than taxpayer) is based on all information of which preparer has any knowledge.

▶ Signature of officer | Date | ▶ EXECUTIVE DIRECTOR Title

May the IRS discuss this return with the preparer shown below (see instructions)? [X] Yes ☐ No

Paid Preparer Use Only

Print/Type preparer's name	Preparer's signature	Date	Check ☐ if self-employed	PTIN
JOUA V. LO	JOUA V. LO	04/25/18		P01225144

Firm's name ▶ MOSS ADAMS LLP — Firm's EIN ▶ 91-0189318

Firm's address ▶ 2882 PROSPECT PARK DR, STE 300 RANCHO CORDOVA, CA 95670 — Phone no. 916-503-8100

California State Association of Counties®
Financial Statement
July-March
2017-18

	FY 2017-18 Budget	FY 2017-18 Actual	FY 2017-18 Percent
Revenues:			
Membership Dues	3,430,506	3,430,506	100%
Finance Corp Participation	3,750,000	3,000,000	80%
Finance Corp Corporate Partnership	382,812	541,037	141%
Rental Income	178,229	132,283	74%
Administrative Miscellaneous	606,400	656,957	108%
CSAC Conferences	418,000	409,751	98%
CEAC	163,586	138,678	85%
Litigation Program	432,276	427,135	99%
Total Revenues	**$9,361,809**	**$8,736,348**	**93%**
Expenditures:			
Salaries/Benefits	5,552,888	4,259,438	77%
Staff Outreach	174,700	167,094	96%
Leadership Outreach	80,000	112,916	141%
NACo Meetings & Travel	140,000	106,655	76%
Initiative Contribution	0	250,000	100%
Public Affairs/Communications	77,040	47,099	61%
CSAC Conferences	599,546	484,188	81%
Facilities	302,118	246,425	82%
Office Operations	252,525	218,927	87%
Organizational Partnerships	128,000	116,790	91%
CEAC	163,586	138,678	85%
Outside Contracts	656,100	769,068	117%
Litigation Program	432,276	427,135	99%
Foundation Contribution	194,978	100,000	51%
Total Expenditures	**$8,753,757**	**$7,444,412**	**85%**

2018 CSAC Calendar of Events
Board of Directors

January **As of 2/7/18**

3 Urban Counties of California (UCC) Board Conference Call
11 California Association of County Executives (CACE) Business Meeting, Sacramento
17 CSAC Executive Committee Orientation Dinner, Sacramento
17 Rural County Representatives of California (RCRC) Board Meeting & Installation of Officers Reception, Sacramento
18 CSAC Executive Committee Meeting, Sacramento
29 Urban Counties of California (UCC) Board Conference Call
31-Feb. 2 CSAC Premier Corporate Partner Forum, San Diego County

February

15 CSAC Board of Directors Meeting, Sacramento
10:00am – 1:30pm, Capitol Event Center, 1020 11th Street, 2nd Floor, Sacramento
26 Urban Counties of California (UCC) Board Conference Call

March

3-7 NACo Legislative Conference, Washington, D.C.
14 Rural County Representatives of California (RCRC) Board Meeting, Sacramento
26 Urban Counties of California (UCC) Board Conference Call

April

5 CSAC Executive Committee Meeting, Sacramento
18-20 CSAC Finance Corporation Board Meeting, Riverside County
23 Urban Counties of California (UCC) Board Conference Call
25-26 Rural County Representatives of California (RCRC) Board Meeting, Humboldt County

May

16 Urban Counties of California (UCC) Board Meeting, Sacramento
16-17 CSAC Legislative Conference, Sacramento
17 CSAC Board of Directors Meeting, Sacramento
12:30pm – 4:00pm, Sacramento Convention Center, 1400 J St, Sacramento
23-25 NACo Western Interstate Region Conference, Blaine County/Sun Valley, Idaho

June

20 Rural County Representatives of California (RCRC) Board Meeting, Sacramento

July

13-16 NACo Annual Conference, Gaylord Opryland, Davidson County/Nashville, Tennessee
23 Urban Counties of California (UCC) Board Conference Call

August

2 CSAC Executive Committee Meeting, Sacramento
15 Rural County Representatives of California (RCRC) Board Meeting, Sacramento
27 Urban Counties of California (UCC) Board Conference Call

September

6 CSAC Board of Directors Meeting, Sacramento
10:00am – 1:30pm, Capitol Event Center, 1020 11th Street, 2nd Floor, Sacramento
19-21 Rural County Representatives of California (RCRC) Annual Meeting, Napa County
19-21 CSAC Finance Corporation Board Meeting, San Diego County
25 Urban Counties of California (UCC) Board Conference Call

October

3-5 CSAC Executive Committee Retreat, Location TBD
22 Urban Counties of California (UCC) Board Conference Call
24-26 California Association of County Executives (CACE) Annual Meeting, Monterey County

November
27-30 CSAC 124th Annual Meeting, San Diego County
28 Urban Counties of California (UCC) Board Meeting, San Diego County
29 CSAC Board of Directors Meeting, San Diego County
2:00pm – 4:00pm, Marriott Marquis San Diego, 333 West Harbor Drive, San Diego

December
5 Rural County Representatives of California (RCRC) Board Meeting, Sacramento
12-14 CSAC Officers' Retreat, Napa County