CALIFORNIA STATE ASSOCIATION OF COUNTIES
BOARD OF DIRECTORS
Thursday, May 28, 2009
12:00pm - 3:00pm
CSAC Conference Center, Sacramento

AGENDA

Presiding: Gary Wyatt, President

12:00pm ***BUFFET LUNCH***

12:30pm ***PROCEDURAL ITEMS***

1. Roll Call — *Page 1*

2. Approval of Minutes of March 19, 2009 — *Page 3*

12:35pm ***SPECIAL PRESENTATIONS***

3. Remarks by Candidates for NACo Second Vice President
   - *Lou Magazzu, Chosen Freeholder, Cumberland County, New Jersey* — *Enc.*
   - *Lenny Eliason, Commissioner, Athens County, Ohio* — *Enc.*

4. Governor's May Revision of the 2009-10 State Budget
   - *Representative from State Dept. of Finance (invited)*

1:15pm ***ACTION ITEMS***

5. Consideration of NACo 2nd Vice President Endorsement
   - *Paul McIntosh, CSAC Executive Director*

6. Consideration of Proposed CSAC Budget for FY 2009-10 — *Page 9*
   - *Supervisor Joni Gray, CSAC Treasurer*

7. Consideration of Proposed Litigation Coordination Program Budget for FY 2009-10 — *Page 13*
   - *Jennifer Henning, County Counsel Association Director*

8. Consideration of Amendment to CSAC Constitution Regarding Caucus Membership — *Page 19*
   - *Paul McIntosh*

9. Proposed CCS Partnership Summit on State Governance Reform — *Page 21*
   - *Paul McIntosh*

10. CSAC Policy Committee Reports

    Administration of Justice — *Page 32*
    - *Supervisor Ronn Dominici, Chair*
    - *Elizabeth Howard, CSAC staff*

    Agriculture and Natural Resources — *Page 33*
    - Supervisor *Mike Nelson, Chair*
    - *Karen Keene, CSAC staff*

    Government Finance and Operations — *Page 34*
    - *Supervisor Steve Worthley, Chair*
    - *Jean Hurst & Eraina Ortega, CSAC staff*

1:45pm ***ACTION ITEMS (cont.)***

Health and Human Services *Page 37*
- *Supervisor Liz Kniss, Chair*
- *Kelly Brooks, CSAC staff*

Housing, Land Use and Transportation *Page 41*
- *Supervisor Mike McGowan, Chair*
- *DeAnn Baker, CSAC staff*

11. State Budget/Legislative Report *(possible action)* *Page 51*
    - *Jim Wiltshire, CSAC staff*

2:15pm ***INFORMATION ITEMS***

12. Presentation by California Department of Corrections and Rehabilitation Secretary Matthew Cate *Page 61*

13. Other Items

The following items are contained in your briefing materials for your information, but no presentation is planned.

14. Institute for Local Government (ILG) Update *Page 63*
15. CSAC Finance Corporation Report *Page 66*
16. CSAC Corporate Associates Report *Page 67*
17. CSAC Litigation Coordination Program Update *Page 68*

3:00pm **ADJOURN**

CALIFORNIA STATE ASSOCIATION OF COUNTIES

Board of Directors

2009

Section	County	Director
U	Alameda County	Keith Carson
R	Alpine County	Terry Woodrow
R	Amador County	Louis Boitano
S	Butte County	Bill Connelly
R	Calaveras County	Merita Callaway
R	Colusa County	Mark Marshall
U	Contra Costa County	Federal Glover
R	Del Norte County	David Finigan
R	El Dorado County	Norma Santiago
S	Fresno County	Henry Perea
R	Glenn County	John Viegas
S	Humboldt County	Mark Lovelace
S	Imperial County	Gary Wyatt
R	Inyo County	Susan Cash
S	Kern County	Jon McQuiston
R	Kings County	Tony Oliveira
R	Lake County	Anthony Farrington
R	Lassen County	Robert Pyle
U	Los Angeles County	Don Knabe
R	Madera County	Ronn Dominici
S	Marin County	Susan Adams
R	Mariposa County	Lyle Turpin
R	Mendocino County	Carre Brown
S	Merced County	Mike Nelson
R	Modoc County	Jeff Bullock
R	Mono County	Duane "Hap" Hazard
S	Monterey County	Fernando Armenta
S	Napa County	Brad Wagenknecht
R	Nevada County	Ted Owens
U	Orange County	John Moorlach
S	Placer County	Jim Holmes
R	Plumas County	Sherrie Thrall
U	Riverside County	John Tavaglione

U	Sacramento County	Roger Dickinson
R	San Benito County	Reb Monaco
U	San Bernardino County	Paul Biane
U	San Diego County	Greg Cox
U	San Francisco City & County	vacant
S	San Joaquin County	Larry Ruhstaller
S	San Luis Obispo County	Bruce Gibson
U	San Mateo County	Rose Jacobs Gibson
S	Santa Barbara County	Joni Gray
U	Santa Clara County	Liz Kniss
S	Santa Cruz County	Tony Campos
S	Shasta County	Glenn Hawes
R	Sierra County	Lee Adams
R	Siskiyou County	Michael Kobseff
S	Solano County	Mike Reagan
S	Sonoma County	Valerie Brown
S	Stanislaus County	Vito Chiesa
R	Sutter County	Larry Munger
R	Tehama County	Robert Williams
R	Trinity County	Judy Pflueger
S	Tulare County	Phillip Cox
R	Tuolumne County	Richard Pland
U	Ventura County	Kathy Long
S	Yolo County	Mike McGowan
R	Yuba County	Roger Abe

President: Gary Wyatt, Imperial
First Vice President: Tony Oliveira, Kings
Second Vice President: John Tavaglione, Riverside
Immed. Past President: Richard Gordon, San Mateo

SECTION: U=Urban S=Suburban R=Rural

3/13/09

CALIFORNIA STATE ASSOCIATION OF COUNTIES
BOARD OF DIRECTORS
March 19, 2009
CSAC Conference Center, Sacramento
M I N U T E S

Presiding: Gary Wyatt, President

1. ROLL CALL

Alameda	Keith Carson	Orange	absent
Alpine	Terry Woodrow	Placer	absent
Amador	Louis Boitano	Plumas	Sherrie Thrall
Butte	Bill Connelly	Riverside	John Tavaglione
Calaveras	Merita Callaway	Sacramento	Roger Dickinson
Colusa	Mark Marshall	San Benito	Margie Barrios
Contra Costa	absent	San Bernardino	Paul Biane
Del Norte	David Finigan	San Diego	Greg Cox
El Dorado	Ray Nutting	San Francisco	absent
Fresno	Henry Perea	San Joaquin	absent
Glenn	John Viegas	San Luis Obispo	Bruce Gibson
Humboldt	Mark Lovelace (via audio)	San Mateo	Rich Gordon
Imperial	Gary Wyatt	Santa Barbara	Joni Gray
Inyo	Susan Cash	Santa Clara	Liz Kniss (via audio)
Kern	absent	Santa Cruz	Tony Campos
Kings	Tony Oliveira	Shasta	absent
Lake	Anthony Farrington	Sierra	Lee Adams
Lassen	absent	Siskiyou	Michael Kobseff
Los Angeles	absent	Solano	Mike Reagan
Madera	Max Rodriguez (via audio)	Sonoma	absent
Marin	Susan Adams (via audio)	Stanislaus	Vito Chiesa
Mariposa	absent	Sutter	Larry Munger
Mendocino	Carre Brown	Tehama	Robert Williams
Merced	absent	Trinity	Judy Pflueger
Modoc	Jeff Bullock	Tulare	Phil Cox (via audio)
Mono	Duane "Hap" Hazard	Tuolumne	absent
Monterey	Fernando Armenta	Ventura	Kathy Long (via audio)
Napa	Brad Wagenknecht	Yolo	Mike McGowan
Nevada	absent	Yuba	Roger Abe

Susan Muranishi, CAOAC President, and Steven Woodside, Sonoma County Counsel, were also in attendance. The presence of a quorum was noted.

2. APPROVAL OF MINUTES

The minutes of December 3, 2008 were approved as previously mailed.

3. CSAC LEGISLATIVE PRIORITIES FOR 2009

Staff outlined the draft State and Federal Legislative Priorities for 2009 as contained in the briefing materials. The CSAC Executive Committee previously considered and approved the draft priorities.

It was noted that two Federal "Internal Monitoring" issues will be removed from the list. They are Reauthorization of State Children's Health Insurance Program (SCHIP) and Child Support Enforcement. Funding for both programs was restored earlier this year.

> Motion and second to approve the CSAC State and Federal Legislative Priorities for 2009 as amended to remove SCHIP and Child Support Enforcement from Federal Priorities list. Motion carried unanimously.

4. AMENDMENTS TO CALIFORNIA COUNTY PLATFORM

The California County Platform is updated every two years to reflect changes to CSAC legislative policy.

Administration of Justice. Staff outlined proposed revisions to Chapter Two of the Platform, as recommended by the CSAC Administration of Justice Policy Committee and contained in the briefing materials. In addition, staff noted that the Corrections Reform Policy and the Sex Offender Policy, previously adopted by the Board of Directors, will be added as an appendix to the Administration of Justice section of the Platform.

> Motion and second to adopt revisions to Chapter Two of the Platform as presented. Motion carried unanimously.

Agriculture & Natural Resources. Staff outlined proposed changes to Chapters Three and Four of the Platform, as recommended by the CSAC Agriculture & Natural Resources policy committee and contained in the briefing materials. Staff noted that the CSAC Climate Change Policy, adopted by the Board of Directors last year, will be added as an appendix to the Agriculture & Natural Resources section of the Platform.

Concerns were expressed regarding Chapter Three, Section 6: Water Resource Management. Section 6 was referred back to policy committee for further discussion.

The Board of Directors amended Chapter Four, Section 2: Generation. The word "adequate" was replaced with "abundant" in reference to California's water supply.

> Motion and second to adopt revisions to Chapters Three and Four of the Platform as amended. Motion carried unanimously.

Government Finance & Operations. Staff outlined proposed changes to Chapters One, Five, Eight, Ten, and Thirteen of the Platform, as recommended by the CSAC Government Finance & Operations policy committee and contained in the briefing materials. Substantive changes were proposed in the following areas: Proposition 1A (2004), Workers' Compensation, Public Retirement, Equal Employment Opportunity, State Mandate Legislation, and Elections.

A spelling error was identified and will be corrected prior to final printing of the Platform.

Concerns were expressed regarding Chapter Eight, Section 5: Equal Employment Opportunity. Specifically, it was suggested that the language be strengthened by replacing the word "recognize" with "endorse". President Wyatt indicated that the suggestion would be referred back to policy committee for consideration.

Motion and second to approve the Government Finance & Operations proposed Platform revisions as presented. Motion carried unanimously.

Health & Human Services. Staff outlined proposed changes to Chapters Six and Twelve of the Platform as contained in the briefing materials. Notable policy changes include: support for preventative health efforts and healthy communities; language about the state's chronic under-funding of health and mental health programs; language regarding sustainable funding for responding to biomedical or terror attacks; addition of a new Children's health section; addition of a new Medicaid and Aging Issues section; language regarding efforts to support emancipated foster youth; and addition of a new Aging and Dependent Adults section.

Motion and second to adopt revisions to Chapters Six and Twelve of the Platform as presented. Motion carried unanimously.

Housing, Land Use & Transportation. Supervisor Mike McGowan, Chair of the CSAC Housing, Land Use & Transportation policy committee noted that two new chapters were created on Native American Issues and Climate Change which are based entirely on existing CSAC policy. Staff outlined the proposed changes to Chapters Seven and Eleven as contained in the briefing materials.

It was requested that a discussion on adding a healthy communities element to the Platform be included in the agenda for the May policy committee meeting. In addition, further discussion was requested regarding coordination with the American Public Transit Authority.

Concerns were raised regarding Chapter Eleven, Section 2, B. Financing Policy and Revenue Principles. Specifically, it was suggested that the following language be deleted from the chapter: ***(i.e. a reduction of the voting threshold to impose a local sales tax, fee and tax authority, etc.)***.

Motion and second to delete the above language. Motion carried (21 – 19).

Motion and second to approve revisions to Chapters Seven and Eleven of the Platform as amended. Motion carried unanimously.

5. MAY 19 SPECIAL ELECTION BALLOT INITIATIVES

The 17-month budget agreement that the Governor recently signed into law includes a special

election on May 19, 2009. The statewide ballot will include six measures that the Legislature passed as part of the negotiated budget agreement. They are as follows:

Proposition 1A – creates a new, larger rainy day fund and puts new limits on state spending growth.

Proposition 1B – alters repayment schedule for Proposition 98 funds arguably owed by the state to K-14 districts, totaling $9.3 billion.

Proposition 1C – allows state to borrow money from the General Fund, securitized by future revenue from the California Lottery.

Proposition 1D – shifts between half and two-thirds of cigarette taxes away from the First 5 Program and into the General Fund for a five year period.

Proposition 1E – amends the Mental Health Services Act (Proposition 63) to shift revenue funds from local programs to the benefit of the state General Fund.

Proposition 1F – forbids the California Citizens Compensation Commission from raising legislators' and state officers' salaries when the state is running a deficit.

The measures were previously considered by the CSAC Government Finance & Operations policy committee, the Health & Human Services policy committee, and the CSAC Executive Committee. All three bodies recommended that CSAC take a ***Neutral*** position on the six ballot measures.

A representative from the State Department of Finance outlined provisions of Proposition 1A. CSAC staff outlined provisions of Propositions 1B – 1F. Staff also distributed Field Poll results regarding the measures as requested by the Executive Committee

President Wyatt reported that the CSAC Officers met with Governor Schwarzenegger yesterday to discuss the measures. The Governor urged CSAC to support Proposition 1A.

> Motion and second to Support Proposition 1A and take a Neutral position on Propositions 1B, 1C, 1D, 1E and 1F. Motion failed (25 – 10).
>
> Motion and second to Support all six measures. Motion failed.
>
> Motion and second to take a Neutral position on all six measures.
>
> Substitute Motion and second to Support 1A and 1F and take a Neutral position on 1B, 1C, 1D and 1E. Motion failed.
>
> Motion and second to take a Neutral position on all six measures. Motion carried (32 – 3).

Staff was directed to send a letter to the Governor indicating CSAC's positions on the ballot measures.

6. UPDATE ON FISCAL REFORM EFFORTS

Staff reported that the CSAC Fiscal Reform Task Force has not yet held a meeting. However, some members of the task force have been participating in the Cities, Counties, Schools (CCS) Partnership Fiscal Reform Task Force. That task force is in the process of developing principles. Their next meeting will be held on April 1 in Sacramento.

7. INSTITUTE FOR LOCAL GOVERNMENT REPORT

Institute for Local Government (ILG) staff member Yvonne Hunter presented an update on ILG activities. Two new publications were recently released. They are *Alternative Dispute Resolution: Navigating Special Legal Issues in Public Agency Disputes* and *Understanding the Basics of Local Agency Decision-Making*. Copies of both publications were made available to Board members at the meeting.

8. CSAC FINANCE CORPORATION REPORT

Supervisor Joni Gray, CSAC Finance Corporation Board member, announced that Finance Corporation staff has been and will continue to contact each county regarding the various programs offered. A memo containing highlights of these programs was included in the briefing materials.

9. LEGISLATIVE UPDATE

Staff reported that 3000 bills have been introduced this legislative session. The current state budget deficit is estimated to already be $8 billion.

10. CSAC/CWDA REPORT ON HUMAN SERVICES INVESTMENTS

CSAC and the County Welfare Directors Association (CWDA) will be issuing a joint report in early April focusing on the current state of human services programs. The report will include an economic impact analysis on the economic multiplier of spending in human services – jobs created by dollars from food stamps, CalWORKS, etc. CSAC and CWDA will be using that data to illustrate what is currently going on in human services programs, including unprecedented demand for services, and to make a case for further state investment. A preview of the report was contained in the briefing materials.

Board members were urged to make time during their individual boards of supervisors meetings for a presentation of the report by each county's welfare director.

11. CSAC CORPORATE ASSOCIATES REPORT

Staff announced two upcoming Corporate Associates events. The first is a business meeting on May 27, being held in conjunction with the CSAC Legislative Conference in Sacramento. The second is a golf tournament to be held on May 29, following the conclusion of the CSAC conference. A memo outlining program activities was contained in the briefing materials.

12. LITIGATION COORDINATION PROGRAM UPDATE

Jennifer Henning, Executive Director of the County Counsel's Association, presented an update on Amicus case activity since October 2008. Details of those cases were included in the

briefing materials. Ms. Henning also announced that the lawsuit brought against the State Controller because he withheld payments owed to counties was declared moot since counties have begun receiving their payments from the Controller's office.

13. OTHER ITEMS

Staff announced that the Public Policy Institute of California (PPIC) is launching an important study of county finances. CSAC is a partner in this effort. The study will provide information to Californians about the fiscal constraints faced by their local governments. PPIC intends to develop a sustained, long-term look at local government finance, and having a good response from counties is critical. Board members were urged to encourage their individual CAOs to participate in the survey.

Meeting adjourned.

May 11, 2009

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California
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Facsimile
916.441.5507

To: Board of Directors
California State Association of Counties

From: Joni Gray, Treasurer, California State Association of Counties
Paul McIntosh, Executive Director

RE: **CSAC FY 2009-10 Budget**

As Treasurer of CSAC, it is my pleasure to present the proposed budget for the 2009-10 fiscal year. In conjunction with the Executive Director and Controller, the attached revenue and spending plan for the upcoming year is hereby submitted for your approval.

Considerable effort has been taken to change the format of the budget to clearly communicate the source of operating revenues and in what we are investing as an organization. Hopefully this approach is more straightforward and clearly depicts the costs associated with all of CSAC's programs.

The budget for the next fiscal year reflects a slight reduction over last year. Dues were scheduled to increase by 2.5% but, consistent with the recommendation of the Dues Task Force, no increase in dues for the year has been proposed. Other revenues are anticipated to grow slightly for a total increase of 0.6%. Expenses were trimmed by 2.4% over the current year and it is anticipated that all inflationary costs will be absorbed as well. This budget is reflective of the overall environment faced by California's counties today. In support of its members, CSAC recognizes the need to exercise frugality in its budgeting while, at the same time, continuing to support the programs necessary for our members.

Despite the flattening of revenue and reductions in expenses we are confident that the CSAC staff will maintain programs at their highest levels and will expertly represent our interests in Sacramento and Washington D.C. In addition, at my request, the Controller has committed to providing us a quarterly financial report so that we may monitor our financial position throughout the year.

As you review the attached material in preparation for the Board of Directors meeting, I hope that you will feel free to contact me or the CSAC staff if you have any questions or concerns.

Attachments

FY 09-10
Proposed Budget

	Budget FY 08-09	Projected FY 08-09	Budget FY 09-10	% Change 08/09 Budget to 09/10
Revenues:				
Membership Dues	2,799,506	2,799,506	2,799,506	0.00%
Finance Corp Participation	3,500,000	3,500,000	3,596,339	2.75%
Rental and Parking Income	966,788	1,040,017	1,012,101	4.69%
Administrative Miscellaneous	504,100	514,612	499,600	-0.89%
CSAC Conferences	505,000	577,647	534,000	5.74%
Outside Contracts	125,000	125,000	125,000	0.00%
Corporate Associates	125,000	104,400	90,000	-28.00%
Magazine	143,500	135,639	138,000	-3.83%
CSAC Institute			55,000	
Total Revenues	**8,668,894**	**8,796,821**	**8,849,546**	2.08%
Expenditures:				
Salaries/Benefits	4,260,631	4,422,153	4,602,005	8.01%
Staff Outreach	140,500	129,814	147,000	4.63%
Leadership Outreach	80,000	100,711	100,000	25.00%
NACo Meetings & Travel	50,000	100,829	100,000	100.00%
Public Affairs/Communications	275,800	235,285	238,000	-13.71%
CSAC Conferences	616,034	748,171	771,599	25.25%
Facilities	1,686,900	1,638,863	1,069,500	-36.60%
Operations	1,189,543	1,103,496	985,116	-17.19%
Outside Contracts	181,000	332,072	435,000	140.33%
Corporate Associates	188,486	160,783	157,826	-16.27%
CSAC Institute		88,240	243,500	
Total Expenditures	**8,668,894**	**9,060,416**	**8,849,546**	2.08%
PROFIT/(LOSS)	(0)	(263,595)	0	
Cash Reserves	**901,097**	**587,502**	**587,502**	

ACCOUNT EXPLANATIONS -
BUDGET YEAR 09-10

09/10 Budget

ACCT#	EXPLANATION
INCOME:	
MEMBERSHIP DUES	ANNUAL DUES FROM COUNTIES. **NO INCREASE SCHEDULED THIS YEAR.**
FINANCE CORP PARTICIPATION	CSAC FINANCE CORPORATION CONTRIBUTIONS TO CSAC. **CSAC MAY BRING OVER ALL FINANCE CORP FUNDS IN EXCESS OF THE REQUIRED RESERVE OF 50% OF THEIR OPERATING EXPENSE.**
RENTAL & PARKING INCOME	RENTAL INCOME FOR 1100 K STREET AND 1029 K STREET. **ANTICIPATED 5% VACANCY RATE.** ALSO INCLUDES 53 PARKING SPACES FOR STAFF AND TO RENT, AND RENTAL FEES FOR CSAC CONFERENCE CENTER.
ADMINISTRATIVE MISCELLANEOUS	1) ADMINISTRATION FEES COLLECTED FROM CSAC AFFILIATES FOR PAYROLL AND BENEFIT SERVICES. 2) 15% OF TOTAL DUES COLLECTED FOR SB90. 3) SALES FOR CSAC ROSTERS & LEGISLATIVE BULLETIN. 4) PRINTING AND COPYING REVENUE GENERATED FROM THE CSAC PRINT SHOP. 5) INTEREST INCOME FROM CHECKING ACCTS AND CALTRUSTS ACCOUNTS. **REDUCTION IN PROJECTED AND BUDGET YR DUE TO A DECLINE IN INTEREST RATES.** 6) CONTRACT FOR COMPUTER SERVICES WITH LA COUNTY. 7) SALE OF DATABASE MAILING LIST, LABELS, SOFT DRINK COMMISSIONS AND FEES FROM JOB ADVERTISING ON CSAC WEBSITE.
CSAC CONFERENCES	REGISTRATION FEES FOR CSAC ANNUAL CONFERENCE AND LEGISLATIVE CONFERENCE. CORPORTATE SPONSORSHIPS FOR CONFERENCES AND EXHIBITOR REGISTRATIONS.
OUTSIDE CONTRACTS	CEAC CONTRACT.
CORPORATE ASSOCIATES	CORPORATE ASSCOCIATES MEMBERSHIP DUES AND SPONSOR REVENUES FOR MISCELLANEOUS EVENTS.
MAGAZINE	REVENUE INCLUDES COSTS OF 5 COPIES TO EACH COUNTY PLUS MISCELLANEOUS AND ADVERTISING REVENUE.
CSAC INSTITUTE	REGISTRATION REVENUE.
EXPENSES:	
SALARIES/BENEFITS	1) SALARIES ASSUMES A 5.0% INCREASE IN JANUARY '10. 2) RETIREMENT CURRENTLY AVERAGING 34% OF SALARIES. 3) BENEFITS TO INCLUDE HEALTH, DENTAL, VISION. EAP, LIFE AND WORKERS COMP. 4) PAYROLL TAX 5) AUTO ALLOWANCE 6) ANNUAL EMPLOYEE WORKSHOP
STAFF OUTREACH	INCLUDES ALL IN AND OUT-OF-TOWN BUSINESS EXPENSES FOR LEGISLATIVE AND ADMINISTRATIVE STAFF, AWARDS, PLAQUES FOR MEMBERS AND OTHER MISC EXPENSES FOR EMPLOYEES.
LEADERSHIP OUTREACH	ALL BUSINESS EXPENSES FOR CSAC BOARD OF DIRECTORS, EXECUTIVE COMMITTEE AND OFFICERS.

ACCOUNT EXPLANATIONS -
BUDGET YEAR 09-10

ACCT#	EXPLANATION
NACO MEETINGS & TRAVEL	ALL 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 MAGAZINE. 2) ROSTER 3) CHALLENGE AWARDS 4) LEGISLATIVE BULLETIN 5) WEB SITE 6) WRITTEN, AUDIO AND VIDEO COMMUNICATIONS
CSAC CONFERENCES	ALL COSTS ASSOCIATED WITH LEGISLATIVE AND ANNUAL CONFERENCE. ALSO INCLUDES MEETING PLANNER'S SALARY AND BENEFITS.
FACILITIES	ALL COSTS ASSOCIATED WITH THE MAINTENANCE OF 1100 K STREET AND 1029 K STREET. COST'S INCLUDE REPAIRS, UTILITIES, PHONES, INSURANCE, JANITORIAL. DEBT SERVICE AND PROPERTY TAXES.
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) CPA'S AND LEGAL CONSULTING 7) PROFESSIONAL SERVICES SUCH AS WATERMAN CONTRACT 8) COPIERS AND BUSINESS EQUIPMENT 9) CSAC'S RENT
OUTSIDE CONTRACTS	CEAC EXPENDITURES AND CONTRIBUTIONS TO CCSP AND ILG.
CORPORATE ASSOCIATES	ALL COSTS ASSOCIATED WITH RUNNING CORPORATE ASSOCIATES PROGRAM INCLUDING SALARY AND BENEFITS FOR PROGRAM MANAGER.
CSAC INSTITUTE	ALL COSTS ASSOCIATED WITH RUNNING AND IMPLEMENTING THE CSAC INSTITUTE

County Counsels' Association of California

MEMORANDUM

To: **Gary Wyatt, President, and Members of the CSAC Board of Directors**

From: **Jennifer Henning, Litigation Coordinator**

Date: **May 28, 2009**

Re: **2009-2010 Litigation Coordination Program Budget**

Recommended Action:

Adopt the 2009-2010 Litigation Coordination Program Budget

Reason for Recommendation:

Last year, we made some adjustments to the Litigation Coordination Program budget to allow for a balanced budget with minimal increases in fees. The changes included a transfer of funds from County Counsels' Association reserves into the Litigation Program and shifting a portion of Association staff funding from the Litigation budget to the Association budget.

Since your Board considered last year's budget, one of the four staff members of the County Counsels' Association has retired. Rather than fill the position and request additional fees to keep up with our expenses, our Association has decided to leave the position vacant. The vacancy permits us to present you with a budget with no fee increases or reserve transfers, and a projected surplus of $10,993.

Background:

The Litigation Coordination Program is an important service provided by CSAC to its members. The Program allows counties to save litigation costs by coordinating in multi-county cases, and by sharing information and resources. The Program also files *amicus curiae*, or "friend of the court," briefs on CSAC's behalf in State and federal appellate cases in order to advance the interests of all counties in the courts.

1100 K Street, Suite 101, Sacramento, CA 95814 (916) 327-7535 FAX (916) 443-8867

The Litigation Coordination Program is funded through a fee administered and collected directly by CSAC.[1] The fees are held in a separate fund and used to pay for costs of the program, including 80% of Litigation Coordinator's salary, a portion of the County Counsels' Association's office space, and other expenses.

Over time, the Litigation Program fee has not kept pace with the Program's expenses. As shown in the attachments, since 2000 the Program's payroll-related expenses have increased 38.2% and its non-payroll expenses have increased 36.8%. During the same period, the dues have increased by only 10%. At last year's staffing levels, the Program would have required an 8% fee increase in order to maintain services.

In February, however, the Association's MCLE Coordinator retired. After considering several options, the Association has decided to leave the position temporarily vacant, resulting in a 25% staff decrease. The workload of the MCLE Coordinator is being absorbed through greater electronic efficiencies and by existing staff. Because of the administrative nature of the vacant position, no decrease in litigation services is anticipated. In fact, the salary savings will allow the Litigation Program to hire a law clerk to assist the Litigation Coordinator, an expense the Program has not been able to afford for the last two fiscal years.

As a result of the vacant position, the following changes are proposed from last year's budget:

- No dues increase is proposed.
- No reserves transfer is required.
- The salary and benefits for the Association's administrative assistant, which are currently paid 50% from Litigation Program and 50% from the County Counsels' Association budget, are proposed to be paid 100% by the County Counsels' Association.
- The vacancy leaves sufficient funds to include $2,500 for a law clerk. (An additional $2,500 is proposed in the County Counsels' Association Budget for this cost as well.)
- The budget will result in a projected surplus of $10,993.

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[1] The County Counsels' Association agreement with CSAC provides: "The Association shall submit a litigation program budget to the CSAC Board of Directors on or before April 1 of each year for the fiscal year commencing July 1 through June 30. The CSAC Board of Directors shall annually adopt a program budget and assess fees from its member counties consistent with the budget. Invoices shall be sent to the counties each year in time to allow inclusion of the fee in the counties' budget process."

The County Counsels' Association Board of Directors recommended approval of the proposed budget on April 15, 2009, and the CSAC Executive Committee took action to recommend approval of the proposed budget on April 23, 2009.

Conclusion

In these tough budget times, the Litigation Coordination Program is a valuable cost savings tool for counties. At the same time, the Program understands the need to manage its expenses and keep costs down for the counties we serve. The proposed budget is responsible, taking advantage of new efficiencies and saving money by leaving a position vacant. This savings means no dues increase for our members and a balanced budget.

I remain dedicated to this Program and to providing the highest quality legal representation to CSAC in the courts. I appreciate your support of the Litigation Coordination Program and ask that you recommend approval of the proposed Fiscal Year 2009-2010 Litigation budget to the CSAC Board of Directors.

Attachments:

Proposed 2009-2010 Litigation Budget
Litigation Revenue/Expense History
Budget Comparisons (2007-08 to 2009-10)

CSAC/County Counsels' Association

LITIGATION COORDINATION PROGRAM

FISCAL YEAR 2009-2010 BUDGET

Approved by Litigation Overview Committee on January 15, 2009

Adopted by County Counsels' Association Board of Directors on April 15, 2009

Approved by CSAC Executive Committee on April 23, 2009

Adopted by CSAC Board of Directors on _____, 2009

INCOME:

Membership Dues	279,511.00
TOTAL INCOME	279,511.00

EXPENSES:

Salaries	$147,896.00
Retirement	45,024.00
Employee Group Insurance	29,039.00
Payroll Tax	2,999.00
CSAC Administrative Fees	5,624.00
Law Clerk	2,500.00
Staff Expense and Travel	900.00
Communications	1,200.00
On-Line Expense	2,100.00
Publications	700.00
Membership Fees	425.00
Office Supplies	600.00
Postage/Delivery	1,036.00
Printing - Commercial	150.00
Printing - In House	1,500.00
Leases - Property	26,825.00
TOTAL EXPENSES	268,518.00
Projected Revenue Over Expenses	10,993.00

LITIGATION COORDINATION PROGRAM
FISCAL YEAR 2009-2010 BUDGET

Litigation Revenue/Expense History

	FY00-01	FY01-02	FY 02-03	FY 03-04	FY 04-05	FY 05-06	FY 06-07	FY 07-08	Diff 00-01 vs 07-08	% Incr 00-01 vs 07-08
MEMBERSHIP DUES	233,529	233,529	233,529	233,112	233,529	233,529	256,883	256,883		
OTHER INCOME						15,000				
TOTAL INCOME	**233,529**	**233,529**	**233,529**	**233,112**	**233,529**	**248,529**	**256,883**	**256,883**	**23,354**	**10.0%**
SALARIES	141,835	146,795	158,145	142,534	142,149	155,313	163,612	171,646		
RETIREMENT	29,624	30,600	32,732	34,544	40,680	49,101	55,554	62,193		
EMPLOYEE GROUP INSURANCE	21,184	22,239	24,855	14,182	21,573	20,364	22,116	32,417		
VACATION ACCRUAL		17,013	(8,659)	(455)	4,261	(1,489)	2,590	545		
PAYROLL TAX	2,065	2,176	2,286	2,030	2,051	2,239	2,446	2,335		
TOTAL PAYROLL RELATED	194,708	218,822	209,359	192,834	210,713	225,528	246,319	269,136	**74,428**	**38.2%**
STAFF EXPENSE AND TRAVEL	233	459	153		960	888	1,225	569		
COMMUNICATIONS	2,549	1,822	1,753	1,944	828	753	733	1,028		
ON-LINE EXPENSE	1,452	1,645	1,323	1,051	408	1,330	1,392	1,351		
PUBLICATIONS	950	1,132	1,142	1,013	1,108	619	588	1,417		
MEMBERSHIP FEES		390	390		390	395				
SUPPLIES	637	354	390	136	141	173	317	430		
POSTAGE/DELIVERY	1,345	1,467	1,046	423	514	408	500	259		
PRINTING - COMMERCIAL	449			46	1,286		134			
PRINTING - IN HOUSE	1,054	2,005	763	387	757	300	751	549		
REPAIR & MAINTENANCE - EQUIPMENT										
PROF & SPEC SERVICES	756			6,673	1,589					
LEASES - PROPERTY	12,588	12,245	13,946	14,674	15,630	17,637	17,823	24,343		
ADMINISTRATIVE FEES	4,781	5,433	5,397	4,832	5,000	5,479	6,093	6,623		
OTHER MEETINGS	(63)									
EQUIPMENT PURCHASED		2,500								
TOTAL OTHER EXPENSES	26,731	29,453	26,303	31,178	28,611	27,981	29,557	36,568		**36.8%**
TOTAL EXPENSES	**221,439**	**248,275**	**235,662**	**224,012**	**239,325**	**253,509**	**275,876**	**305,704**	**84,265**	**38.1%**
NET INCOME (LOSS)	**12,090**	**(14,746)**	**(2,133)**	**9,100**	**(5,796)**	**(4,980)**	**(18,993)**	**(48,821)**		

LITIGATION COORDINATION PROGRAM
Budget Comparison (2008-2010)
Prepared for Fiscal Year 2009-2010 Budget

	2007-08 Actual	2008-09 Budget	2008-09 Projected	2009-10 Budget
INCOME:				
Membership Dues	256,567.00	279,511.00	279,511.00	279,511.00
Misc. Income	316.00	10,000.00	10,000.00*	0.00
TOTAL INCOME:	256,883.00	289,511.00	289,511.00	279,511.00
EXPENSES:				
Salaries	171,645.90	156,858.00	164,715.00	147,896.00
Retirement	62,193.25	60,147.00	49,074.00	45,024.00
Employee Group Insurance	32,417.22	32,616.00	32,108.00	29,039.00
Staff Travel/ Training	568.73	500.00	700.00	900.00
Law Clerk				2,500.00
Communications	1,027.53	1,300.00	953.00	1,200.00
On-Line Expenses	1,351.20	1,514.00	1,743.00	2,100.00
Publications	1,417.20	400.00	485.00	700.00
Membership Fees	0.00	400.00	400.00	425.00
Office Supplies	430.47	800.00	536.00	600.00
Postage/Delivery	358.60	400.00	963.00	1,036.00
Printing- Commercial	0.00	200.00	100.00	150.00
Printing – In-House	548.66	1,000.00	1,259.00	1,500.00
Leases – Property	24,342.64	24,039.00	25,072.00	26,825.00
Payroll Tax	2,334.64	2,937.00	3,133.00	2,999.00
Admin Fees	6,622.75	6,200.00	6,196.00	5,624.00
TOTAL EXPENSES	305,804.04	289,511.00	287,437.00	268,518.00
Excess of Revenues Over/(Under) Expenditures	(48,921.04)	0.00	2,074.00	10,993.00

* Transferred from County Counsels' Association reserves

1100 K Street
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95814

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916.441.5507

MEMORANDUM

To: Members of the Board of Directors

From: Paul McIntosh, Executive Director

Date: May 28, 2009

Re: Amendments to CSAC Constitution (Article 5)

In 2007, the CSAC Constitution was updated and revised. Among the changes adopted in 2007 was an amendment to Article 5 concerning caucus membership. The prior version of the Constitution required caucus membership to be determined on the basis of population without consideration of any other factors. The 2007 amendments permit counties meeting certain minimum population levels to select a caucus for membership. A change in caucus membership can be made each five years—once at the Annual Meeting immediately after the release of the Decennial Census and once at the Annual Meeting immediately after the release of the mid-Census population estimate.

The CSAC Executive Committee has recommended a minor amendment to Article 5 to provide additional flexibility in the timing of caucus membership selection. The proposed amendment would still allow counties to change caucuses at the Annual Meeting immediately after the release of the Decennial Census, but rather than being restricted to the release of the mid-Census population estimate, the second caucus change may occur at any time between the release of each Decennial Census. This second caucus change is not required to be made at an Annual Meeting, but may occur at any time with written notice to the CSAC Executive Director. Under the proposal, counties are still limited to two caucus changes each ten years, and still must meet minimum population requirements to be eligible for membership in the suburban and urban caucuses.

Constitutional amendments require a 2/3 vote of the Board at a general assembly of the Association. This matter will be on the agenda for the Board's May 28 meeting at the CSAC Legislative Conference. The proposed amendments are attached for your review.

ARTICLE 5 CAUCUSES

A. CAUCUS MEMBERSHIP. Each county shall select a caucus based on its view of whether the county is urban, suburban or rural, consistent with the following minimum population requirements:

1. Urban Caucus. The Urban Caucus members come from counties with a population of at least 700,000.
2. Suburban Caucus. The Suburban Caucus members come from counties with a population of at least 100,000.
3. Rural Caucus. The Rural Caucus shall consist of members from the remaining counties in California.

Population shall be determined by the most recent Decennial Census or the Mid-Census Population Estimate of the U.S. Census Bureau. At the Annual Meeting immediately following the release of the Decennial Census ~~or Mid-Census Population Estimate~~, each county shall select a caucus for membership. In addition, each county may also elect to change its caucus membership one time during the ten years between the release of each Decennial Census. Such change shall be made effective upon written notice to the Executive Director of the Association. Each county may only be a member of one caucus.

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MEMORANDUM

May 11, 2009

To: Board of Directors
California State Association of Counties

From: Paul McIntosh
Executive Director

Re: **Proposed Summit of Local Government Leaders and Statement of Principles**

Background

As you know, CSAC has joined with the League of California Cities and the California School Boards Association to form the Cities, Counties and Schools Partnership (CCS). CCS has been primarily focused on programs common to all three associations, principally those involving kids, but recently has turned its attention to state budget issues and budget reform. CCS has formed a Budget Reform Task Force, on which all three associations are represented.

Recently the League of California Cities' Board of Directors adopted a resolution "endorsing the convening of a summit of local government leaders on reforming the governance of California." The League has invited CSAC and CSBA to join them in sponsoring such a summit. The resolution (copy attached) was discussed with the CSAC Executive Committee at their April 23 meeting. The Executive Committee recommended the resolution to the Board of Directors and directed staff to work through the CCS Task Force to begin preparation of such a summit.

The CCS Task Force met on May 6 to discuss how such a summit could be conducted to ensure efficiency and production of an outcome that is agreeable to all three associations and useful to their members. A tentative date and location for the summit has been established - Friday, July 17 and Saturday, July 18 at the Grand Hyatt Hotel in Sacramento. The CCS Task Force is considering a preliminary draft of a joint statement of principals that could be considered as a starting point for discussions. A copy of that draft is attached.

It is envisioned that each association would invite its members to send one (1) delegate from each jurisdiction, plus its officers. Cities and Schools estimated they would have close to 250 delegates each. CSAC would have a maximum of 62. With Board approval, CSAC would send out material to each county asking them to nominate a delegate. The designation of "delegate" would only be for voting purposes, should an issue arise. The summit would be open to the public and the media invited to attend. Interested local government officials who were not delegates would also be welcome.

Discussion

The Statement of Principles was drafted by staff of the three associations and considered by the CCS Task Force. It was emphasized that each respective association had not yet seen and approved the draft and it was therefore subject to change. It was also noted, though, that most of the provisions contained in the Statement of Principles was established policy in each of the associations.

Such is true with CSAC except, perhaps, for the provision in each the Local Government and State Government sections calling for "majority rule". There was a great deal of discussion on this matter at the task force meeting and it was determined that the provision should remain in the draft so that each association could debate the pros and cons of those provisions.

While it was recognized that many officials may disagree with a reduction in voting thresholds for bonds, revenue increases and adoption of a budget, it was also recognized that the current status obfuscates accountability. Discussion centered on the notion that California was one of the few states with such a provision at either the state or local level and those officials should be held accountable for their votes and actions.

CSAC would incur some costs for the summit. CSAC would pay for the housing costs of officers and any staff that needed to attend the summit plus a prorated portion of the facility and ancillary costs. Those costs have not been included in the budget that will be considered by the Board of Directors at the May 28 meeting. An augmentation will be required once total costs are known.

Recommendation

It is recommended that the Board of Directors approve CSAC's participation in the Local Government Summit and adopt the State of Principles as a starting point for discussion in the Summit.

Attachments

LEAGUE OF CALIFORNIA CITIES

1400 K Street, Suite 400 • Sacramento, California 95814
Phone: 916.658.8200 Fax: 916.658.8240
www.cacities.org

TO: **Paul McIntosh, Executive Director, CSAC**
Scott Plotkin, Executive Director, CSBA

FROM: Chris McKenzie, Executive Director, LCC

DATE: April 20, 2009

SUBJECT: Proposed Joint Summit on State Governance Reform

Attached please find a resolution passed and signed unanimously by the board of directors of the League of California Cities on April 1, 2009, which endorses convening a summit of local leaders on reforming the governance of California. As I said in our recent phone conversations, this resolution builds on the outstanding work of our CCS Task Force on Fiscal Reform. It reflects the sense of the Preamble of the Proposed Statement of Joint Principles of the Task Force drafting committee that the most profound governance reform that is needed in California is to restore a much higher degree of local control.

Assuming your respective boards are open to our invitation to jointly convene the Summit, we are interested in fleshing out the details of it with you. Here are only some preliminary ideas:

- We suggest we hold the meeting in one of the state's major media markets, outside of Sacramento if possible, to send the message that the strength of our state really resides in its communities.
- We envision inviting our respective member jurisdictions to select a delegate to attend the Summit and to publicize the selection and intention to attend.
- We envision holding the Summit over parts of two days this summer (perhaps as early as June) if we can identify a facility and notify our members. Please identify some potential dates at the earliest convenience. We may have to move other meetings, but we believe the following dates could work for us:
    - June 10, 11, 12, 13, 17, 18, 19, 20, 24, 25 (LCC policy committees), 26 (LCC policy committees) and 27
    - July 1, 2, 3, 8, 9, 10 and 11
- Delegates to the Summit would review and debate the major reforms that have been identified by the Task Force, California Forward, and others, including the advisability of holding a Constitutional Convention.

- It is unclear at this time whether there would be voting on a final document, but given that it is possible we should probably give some thought to a voting process to ensure fair representation balanced against our desire to attract large numbers of elected and appointed officials to the Summit.
- Delegates would be engaged in planning the follow-up to the Summit, including the recruitment of other members of a new coalition to secure the approval of some or all of the reforms.
- Individual delegates would finance their travel costs, but our respective associations and staff would contribute to both preparations for the meeting, costs of the facilities, meals, etc. CCS (especially Connie) would play a lead role in planning for the Summit, but our staffs would assist.
- We would jointly plan and execute the details of the Summit, with Connie in the lead. The three partner associations would handle communication to our respective memberships, but we would have a common communications strategy.

Thank you for communicating our proposal to your boards of directors. **Please let me know at your earliest convenience how your boards of directors would like to proceed.**

c. Connie Busse, Executive Director, CCS Partnership

LEAGUE OF CALIFORNIA CITIES

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A RESOLUTION ENDORSING THE CONVENING OF A SUMMIT OF LOCAL GOVERNMENT LEADERS ON REFORMING THE GOVERNANCE OF CALIFORNIA

WHEREAS, forty years ago California was renowned for its outstanding schools, excellent infrastructure, quality health and human services, outstanding public parks and safe communities. At about that time, however, laws began being passed that have substantially stripped politically accountable community governments of discretion over the priority and funding of community services; and

WHEREAS, today in California our state government is increasingly seen as broken. Record state deficits, late budgets, the inability to address the critical issues of the day--energy, water, education, health services, and more--all contribute to a dysfunction that has tangible outcomes: lost jobs, reduced services, and inadequate resources to educate our children; and

WHEREAS, late and inadequate state budgets seriously disrupt the ability of local governments to deliver vital services. New state mandates are often imposed before the prior reforms have had a chance to work, and they typically give the state control over the details of services delivered at the community level; and

WHEREAS, while state leaders are in the early stages of adopting some widely-accepted practices such as multi-year budgeting and increasing reserves for times of fiscal uncertainty, we believe the state governance crisis is due in large measure to a more fundamental problem of over-concentrating decision making at the state level at the expense of true community priority setting and spending decisions; and

WHEREAS, this top-down, centralized governance system is at the root of many of our problems as a state. Community government leaders no longer have the tools to set and fund community priorities and be held accountable to the voters for them. Moreover, the state provides neither adequate funding nor the flexibility in using state funding for effective community service delivery; and

WHEREAS, the distinction between what decisions should be made at the state versus the local levels has not just been blurred, but in virtually every case the default position has become that the state and not community governments should decide. This has given a much less accountable and now financially precarious state government authority to address more and more community needs; and

WHEREAS, in 2004 the League of California Cities joined counties, special districts, Governor Arnold Schwarzenegger and hundreds of other community leaders and organizations to sponsor a statewide ballot measure, Proposition 1A, to provide substantial constitutional protection of the local revenues from being diverted, stolen or borrowed by state government. That measure was overwhelmingly approved by the voters by an 84% margin; and

WHEREAS, as local elected and appointed leaders we believe we have a responsibility to debate and support key reforms to provide greater autonomy, flexibility and fiscal tools to local governments so they can deliver the highest quality local services and other reforms that would aid the state in executing its important statewide responsibilities in a stable, predictable, and accountable manner.

NOW, THEREFORE, BE IT RESOLVED, that the board of directors of the League of California Cities hereby invites its county and school partners in the City-County-School (CCS) Partnership to jointly sponsor a statewide summit meeting on state governance reform to address and debate the above-described problems and to develop proposed solutions and reforms to strengthen the governance of our great state, including to consider the advisability of convening a statewide constitutional convention to implement any reforms; and

RESOLVED **FURTHER,** that the Summit on State Governance Reform be held at the earliest practical date and that the memberships of the League, California School Boards Association (CSBA) and the California State Association of Counties (CSAC) be invited to participate in the Summit to the fullest extent possible; and

RESOLVED FURTHER, that we, the members of the board of directors of the League of California Cities, do hereby pledge our support and efforts to achieve not only a successful Summit but to the development and adoption by the voters of reforms that will improve the governance of California, increase local control and responsiveness to the critical issues we face as a state, and rebuild the public's trust in government.

ADOPTED, this 17th day of April, 2009 in Sacramento, California.

Judith Mitchell, President
Mayor, Rolling Hills Estates

ATTEST:

Christopher McKenzie
Executive Director

We, the undersigned members of the board of directors of the League of California Cities strongly support the foregoing resolution, dated April 17:

NAME	CITY
	Poway
Judith Mitchell	Rolling Hills Estates
Cris Wachoffer	San Diego
Ron Loveridge	Riverside
	Sonoma
	Danville
Hall "Cliff" Holloway	Ridgecrest
	San Luis Obispo
Julie Rynerson	Buena Park
	Fresno
	Fontana
	Highlands
	Duarte
	Campbell
Harry Hamstreet	Clovis
Mike Doyle	Danville
	Santa Clarita
	Novato
	Brea
	Lake Forest
	Modesto

Tony Ferrara	Arroyo Grande
[illegible]	Pasadena
[illegible]	Clearlake
Miguel Vinerk	Town of Loomis
Tony Cardenas	City of Los Angeles
Bill Bogaard	Pasadena
A. Sepi Richardson	Brisbane
[illegible]	Santa Barbara
Stan Carroll	La Habra Hts.
M Loden	Ukiah
Lisa Ann Rapp	Lakewood
Penny Zeimer	Walnut Creek
[illegible]	San Jose
Frank Hall	Norco
[illegible]	P. Hbury
[illegible]	Tiburon
Ken Cooley	Rancho Cordova
Terry Henderson	La Quinta

PRELIMINARY JOINT DRAFT FOR DISCUSSION ONLY

RESTORING LOCAL CONTROL IS THE KEY REFORM

PREAMBLE: Today in California our state government institutions are increasingly seen as broken. Record state deficits, late budgets, and an inability to address the critical issues of the day – energy, water, education, health services, and more – all point towards the inescapable conclusion that our governmental system at the state level is dysfunctional. This dysfunction has real, tangible outcomes: jobs have been lost, fewer resources are available for those in need, and the children in our schools have suffered from a lack of adequate funding.

Chronically late and inadequate state budgets have seriously disrupted the ability of local governments to perform their functions. Mandates imposed at the state level for the program *du jour*, before prior reforms have been given an opportunity to work, have made it almost impossible for local governments to plan wisely. This has resulted in greater state control over the details of services delivered at the local level, accelerating the cycle of dysfunction.

The members of the Cities, Counties, Schools Partnership – the League of California Cities, the California State Association of Counties, and the California School Boards Association – are encouraged by the growing interest in reforming the state's governance and fiscal systems. We are prepared to support thoughtful and substantial reforms. We believe, however, that the state's governance crisis is due in large measure to the more fundamental problem of concentrating decision making at the state level at the expense of true local priority setting and spending decisions. It is time to restore a greater degree of local control over program, taxation and spending decisions.

Forty years ago California was renowned for its outstanding schools, excellent infrastructure, quality health and human services, outstanding public parks and safe communities. Around that time laws began being passed that have substantially stripped politically accountable local governments of discretion over the priority and funding of local services.

Not only have we blurred the distinction between what decisions should be made at the state and local levels, but in virtually every case the default position has been that the state and not local governments should be the decision-making authority. Today, we have a much less accountable and now financially precarious state government making an increasing number of decisions which are more appropriately made at the local level..

This top-down, centralized governance system is at the root of many of our problems as a state. Local government leaders no longer have the tools to set and fund local priorities and be held accountable to the voters for them. Moreover, the state provides neither adequate funding nor the flexibility in using state funding for effective local service delivery.

Key state reforms should provide greater autonomy, flexibility and fiscal tools to local governments so they can deliver the highest quality local services. The reforms also should aid the state in executing its important statewide responsibilities in a stable, predictable, and accountable manner.

General

- Alignment of Resources, Responsibility and Accountability. Reforms are necessary to support functional state and local governments that align authority, responsibility, resources, and accountability.

Local Governments

- Responsive and Accountable Local Governments. Local governments should have broad authority, subject to voter approval for bonds and tax increases, to raise and expend a diverse and broad set of revenues necessary to provide critical local services. This will ensure greater transparency and accountability to the voters. The state should not be able to divert these revenues to fund state programs or state mandated services.

- Majority Rule. Given the active involvement of voters in all decisions on local taxes and bonds, the threshold for voter approval of such matters should be reduced from 2/3 to near or at a simple majority.

- Enhanced Protection from State Mandates. Local governments need additional protection from state mandates that attempt to micromanage local affairs. The existing state mandate claims process imposes unreasonable burdens and delays on local agencies seeking to recover costs. The practice of the state attempting to avoid mandate claims by maintaining that local governments can pass on costs through local fees must be reformed.

- Focus on Outcomes in State Funding of Locally Delivered Services. When local agencies administer state programs and mandates with state funds, they should be held accountable for the measureable outcomes and given extensive administrative flexibility over the means and methods decided by local leaders to achieve those outcomes.

State Government

- Modernize State Budgeting. State budgets should employ performance-based, multi-year approaches in order to achieve measurable and reportable public outcomes. The state should also implement policies establishing prudent reserves. New programs or mandated local funding obligations should be approved only if the budget authorizes a new, dedicated and reliable funding source or explicitly provides for measurable offsetting savings in state or local operations. If the funding source is derived from new or increased taxes, it should be subject to voter approval.

- Majority Rule. If the state budget reforms above are adopted, the state legislature should be able to approve the annual state budget by less than a 2/3 vote. Voter approval of all tax increases and bonds should be by less than a 2/3 vote.

- Diverse, Stable and Broad Revenues; Pay-As-You-Go for New Ballot Measures. The State should have a diverse and broad set of revenues in order to achieve stability over time. Every new ballot measure that imposes new funding obligations on state or local governments should authorize a new, dedicated and reliable funding source or provide for measurable offsetting savings in state or local operations to finance the entire cost of the new obligations.

- Governance and Responsiveness. State government should periodically review and recommend improvements to the structure, functions and financing of state government operations in order to ensure citizens that decisions are being made and services are being delivered in the most responsive and efficient manner possible. This could include the possibility of calling a state constitutional convention, but the legislature should be clearly authorized to limit the scope of the work of the convention.

- Oversight and Reauthorization of Existing Programs. Every 10 years the Office of the Legislative Analyst should identify for the legislature those state programs that have increased in cost at a rate faster than the average annual rate of state revenue growth in that

10 year period. The legislature should consider whether the programs should be reauthorized for an additional ten years. If the program is reauthorized, the legislature may not appropriate funds for the program in excess of the average annual rate of state revenue growth unless its reauthorization is approved by the voters.

CSAC Legislative Conference

Administration of Justice Policy Committee

Wednesday, May 27, 2009 ▪ 2:30 to 4:30 p.m.
Room 314 ▪ 3rd Floor ▪ Sacramento Convention Center
1400 J Street ▪ Sacramento, California

Supervisor Ronn Dominici, Madera County, Chair
Supervisor Federal Glover, Contra Costa County, Vice-Chair

2:30 p.m. **I. Welcome and Introductions**
Supervisor Ronn Dominici, Madera County

2:35 **II. Budget Action Plan: 38 Million Served, Billions at Risk**
Supervisor Ronn Dominici, Madera County

2:40 **III. California Highway Patrol (CHP): Building Partnerships at the Local Level**
Assistant Commissioner Ramona Prieto, CHP, Leadership Development and Communications

2:55 **IV. Developing Programs to Address Needs of Offenders with a Mental Illness**
Al Lammers, Executive Officer, Council on Mentally Ill Offenders (COMIO)

3:15 **V. Getting the Formerly Incarcerated Employed and Self-Sustaining: What does it take?**
Stephen Muirhead, Vice President/General Manager, America Works

3:35 **VI. SB 678 (Leno and Benoit) — Incentive-Based Financing of Adult Probation Services in California: How would it work?**
Senators Mark Leno and John Benoit (invited); Jerry Powers, Chief Probation Officer, Stanislaus County and Past President of Chief Probation Officers of California (CPOC); Karen Pank, Executive Director, CPOC

3:55 **VII. Public Safety Affiliate Report**
Karen Pank, Executive Director, CPOC

4:10 **VIII. Budget Update**
Elizabeth Howard and Rosemary Lamb, CSAC Administration of Justice Staff

4:25 **IX. Other Informational Updates**
Elizabeth Howard and Rosemary Lamb, CSAC Administration of Justice Staff

- Judicial Branch Issues
  - Court Facility Transfer Update
  - Parking Penalties: Informational Bulletin
  - Judicial Benefits
- Corrections Update
- Federal Stimulus Funding Update

4:30 p.m. **X. Closing Remarks and Adjournment**
Supervisor Ronn Dominici, Madera County

Agriculture and Natural Resources Policy Committee

Wednesday, May 27, 2009 · 2:30 p.m. – 4:30 p.m.
Sacramento Convention Center
3rd Floor, Room 215

AGENDA

Supervisor Mike Nelson, Merced County, Chair
Supervisor Jon Vasquez, Solano County, Vice- Chair

2:30- 2:40 p.m.	I.	**Welcome & Introductions & Budget Action Plan: *39 Million Served, Billions at Risk*** *Supervisor Mike Nelson, Merced County* *Supervisor Jon Vasquez, Solano County*
2:40- 3:10 p.m.	II.	**Discussion of 2009 Senate and Assembly Water and Resources Legislative Priorities** *Dennis O'Connor, Senate Natural Resources & Water Committee Consultant* *Alf Brandt, Assembly Water, Parks & Wildlife Committee Consultant*
3:10- 3:30 p.m.	III.	**The Status of California Fairs** *A. G. Kawamura, Secretary, California Department of Food and Agriculture*
3:30-4:00 p.m.	IV.	**The Williamson Act – A Primer and Discussion of Areas of Controversy** *Peter Detwiler, Senate Local Government Committee Consultant* *John Gamper, California Farm Bureau Federation Representative*
4:00- 4:20 p.m.	V.	**California State Fire Marshal Residential Fire Sprinkler/ Water Supply Update** *Tonya Hoover, Assistant State Fire Marshall*
4:20- 4:30 p.m.	VI.	**Other Items and Adjournment**

Government Finance and Operations Policy Committee
CSAC 2009 Legislative Conference
Thursday, May 28, 2009 — 9 a.m. - 11 a.m.
Sacramento Convention Center
Sacramento County, California

Supervisor Steven Worthley, Tulare County, Chair
Supervisor Bruce Gibson, San Luis Obispo County, Vice Chair

9 a.m. **I. Welcome and Introductions**
Supervisor Steven Worthley, Tulare County, Chair
Supervisor Bruce Gibson, San Luis Obispo County, Vice Chair

9:05 a.m. **II. Budget Action Plan: 39 Million Served, Billions at Risk — ACTION ITEM**
Paul McIntosh, Executive Director, CSAC
Jean Kinney Hurst, Legislative Representative, CSAC

9:50 a.m. **III. Reviewing the Revision: Don't We Already Have a Budget?**
Marianne O'Malley, Legislative Analyst's Office

10:35 a.m. **IV. CCS Partnership Budget and Fiscal Reform Summit**
Supervisor Rich Gordon, San Mateo County
Connie Bussee, Executive Director, CCS Partnership

10:50 a.m. **V. Legislative Issues**
Jean Kinney Hurst, Legislative Representative, CSAC
Eraina Ortega, Legislative Representative, CSAC

Resolution urging the California Legislature and Governor to reject proposals that would shift billions of dollars of local revenue from counties

WHEREAS the Governor of California proposes to forcibly borrow billions of property tax dollars from counties and other local agencies as part of his state budget plan; and

WHEREAS California's adopted 2009-10 budget will delay through the entire first quarter of the fiscal year over one billion dollars in funds counties need to administer mandated health and human service programs and make federally required payments; and

WHEREAS the state's General Fund already benefits from over $6 billion annually of property tax revenues from counties that have traditionally funded county services; and

WHEREAS the state made no effort to end this taking of local revenue even as the General Fund was flush with multi-billion dollar surpluses; and

WHEREAS property tax dollars comprise over twenty percent of counties' general revenue and are the primary general fund source for every county in the state; and

WHEREAS county tax revenues including property taxes, sales and use taxes, and vehicle license fees have recently declined dramatically due to the global economic recession; and

WHEREAS state law gives counties little authority to raise revenues independently of the state; and

WHEREAS counties throughout the state are therefore dealing with the extraordinary economic downturn and balancing their budgets honestly by cutting critical services, laying off valuable employees, and living within their means; and

WHEREAS counties and other local agencies provide the services most immediate to the lives of Californians; and

WHEREAS applications for health and human service programs that counties provide on the state's behalf—such as food stamps, homeless assistance, CalWORKs, Medi-Cal, and general assistance—are rising rapidly; and

WHEREAS the state has not increased funding for providing human service programs in nearly a decade despite large increases in counties' costs to administer them; and

WHEREAS the state has made little effort to repay the approximately one billion dollars owed to counties and other local agencies for state-mandated programs performed before 2004; and

WHEREAS the state's process for determining which mandates are reimbursable is so understaffed, inefficient, and structurally biased against local agencies that counties provide mandated services for as long as a decade without any reimbursement; and

WHEREAS recent significant changes in credit markets will make it difficult for counties to borrow money to make up for the revenue they would lose under this proposal, even though no county in the state has ever defaulted on its debt obligations; and

WHEREAS the proposal to forcibly borrow county funds would have far-reaching, long-term consequences for counties and the services they provide to every Californian while doing nothing to resolve the real and continuing problems with the state budget; and

WHEREAS the proposal would cut real services on which millions of Californians rely in a manner that would not save but in fact cost the state money in the medium-term since the forced loan must be repaid with interest; and

WHEREAS the California Constitution would require the state to repay this forced loan just as the recently enacted tax increases expire; and

WHEREAS to solve its structural deficit the state—like counties, cities, and special districts—must either cut programs, raise revenue, or find willing creditors to borrow money from on mutually agreeable terms; and

WHEREAS the State Legislature and the Governor have failed to resolve the State's structural budget deficit through an entire business cycle; and

WHEREAS economists expect a continued decline in state revenues beyond the beginning of an economic recovery and therefore by enacting this proposal the state would merely be shifting their problem into future fiscal years that will be bad enough without it; and

WHEREAS eighty-four percent of voters in a high-turnout general election expressed their desire that local property tax dollars remain in their communities to provide local services by voting for Proposition 1A (2004); now therefore be it

RESOLVED that the California State Association of Counties will make extraordinary outreach efforts to educate the Governor, members of the Legislature, and all Californians—especially voters—about the exceptional consequences adopting this proposal would cause them; and be it

RESOLVED that the California State Association of Counties, representing every county in the state, unequivocally opposes any proposal to shift local revenue to the state, whether property tax, gas tax, a deferral of payments, or any other source.

Health and Human Services Policy Committee
Wednesday, May 27, 2009 · 10:00 a.m. – Noon
Sacramento Convention Center · Room 314, 3rd Floor · 1400 J Street, Sacramento, CA 95814

Supervisor Liz Kniss, Santa Clara County, Chair
Supervisor Terry Woodrow, Alpine County, Vice Chair

10:00 a.m.	I.	**Welcome and Introductions** *Supervisor Liz Kniss, Santa Clara County*
10:05 – 10:10	II.	**Budget Action Plan: 38 Million Served, Billions at Risk** *Jean Hurst, CSAC Legislative Representative*
10:10 – 10:20 **ACTION ITEM**	III.	**Resolution: Human Services Funding Deficit** *Kelly Brooks, CSAC Legislative Representative*
10:20 – 11:05	IV.	**State Budget: What does the May Revision Mean for Health and Human Services Programs?** *Moderator: Scott Graves, Senior Policy Analyst, California Budget Project* *Panelists: Frank Mecca, Executive Director, County Welfare Directors Association (CWDA)* *Patricia Ryan, Executive Director, California Mental Health Directors Association (CMHDA)* *Erica Murray, Vice President, California Association of Public Hospitals and Health Systems (CAPH)* *Judith Reigel, Executive Director, County Health Executive Association of California*
11:05 – 11:35	V.	**Federal Health Reform: Issues on the Horizon** *Supervisor Valerie Brown, Sonoma County, President-Elect National Association of Counties (NACo)* *Joe Krahn, Senior Associate, Waterman and Associates*
11:35 – 11:55	VI.	**Update on Federal American Recovery and Reinvestment Act (ARRA) Funds** *Kelly Brooks, CSAC Legislative Representative*
11:55 – Noon	VII.	**Closing Comments and Adjournment** *Supervisor Liz Kniss, Santa Clara County*

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May 12, 2009

TO: CSAC Health and Human Services Policy Committee

FROM: Kelly Brooks, CSAC Legislative Representative

Re: Action Item: Resolution on Human Services Funding Deficit

Recommendation: Staff recommends that the Health and Human Services Policy Committee adopt the attached resolution and forward to the CSAC Board of Directors for approval.

Background. CSAC and the County Welfare Directors Association (CWDA) released a report in April entitled, "Human Services in a Time of Economic Crisis: An Examination of California's Current Safety-Net Programs and Related Risks and Benefits for Communities."

The report highlights new information about the economic multiplier of human services and also highlights new statewide data showing the dramatic increase in the demand for human services. Human services programs such as Food Stamps, CalWORKs and General Assistance provide a boost to the state's economy, with an estimated $1.32 in economic activity generated for every dollar spent.

The report notes several other key findings, including:

- California counties are grappling with a long-term state disinvestment in human services, now totaling nearly $2 billion annually;
- Failure to fund these human services programs results in poor outcomes for children and families, creating an even greater long-term cost to the state;
- Deep cuts have resulted in reduced staffing levels, diminished access to and availability of services, and delayed benefits to eligible families who are struggling in the current economic downturn.

Human services programs remain extremely vulnerable to further cuts in the state budget, particularly because the enhanced federal funds available to California through the American Recovery and Reinvestment Act of 2009 (ARRA) prevent states from cutting eligibility and core services. Thus one place where the May Revision could propose further cuts is to county administered human services programs. County administration of human services programs has fared poorly in the state budget over the last eight years.

Staff Comments. Many county boards of supervisors heard presentations over the last month on the joint report and are looking to take further action on the state's chronic underfunding of human services programs.

If the Committee approves the resolution, it will be presented to the CSAC Board of Directors for approval on May 28th. The resolution before the committee today is intended as a model for individual counties to adopt. Ideally, once the CSAC Board approves the resolution, individual counties will follow suit and adopt similar resolutions.

This resolution is a part of the effort to raise awareness and to advocate with state officials on the human services funding deficit. CSAC already has a standing work group, chaired by Supervisor Roger Dickinson of Sacramento County, on the human services funding deficit. CSAC is reconvening the Human Services Funding Deficit work group and expanding its membership due to increased interest. The work group will be discussing the current budget climate for human services programs and scrutinize potential legal options, with the goal of a coordinated county response.

The Health and Human Services Policy Committee will continue to receive regular updates on the work products and discussion from the Human Services Funding Deficit work group.

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A RESOLUTION ON THE ECONOMIC BENEFIT OF HUMAN SERVICES AND THE HUMAN SERVICES FUNDING DEFICIT

WHEREAS, the California State Association of Counties and County Welfare Directors Association of California jointly examined California's safety-net programs and related economic benefits for communities.

WHEREAS, the study found human services such as Food Stamps, CalWORKs and General Assistance provide a boost to the state's economy, with an estimated $1.32 in economic activity generated for every dollar spent.

WHEREAS, human services programs are an important factor in local economies and while such programs are largely funded with state and federal dollars, the benefits primarily stay local.

WHEREAS, demand for human services is up due to the state's poor economy and high unemployment, which has led to an increase in demand for public assistance, not only for newly eligible applicants but also for current participants whose exit from programs has been delayed.

WHEREAS, the increase in applications and caseload has been both rapid and dramatic and shows no signs of slowing.

WHEREAS, counties are grappling with a long-term state disinvestment in human services, now totaling nearly $2 billion annually, and these deep cuts have resulted in reduced staffing levels, diminished access to and availability of services, and delayed benefits to eligible families who are struggling in the current economic downturn - straining counties abilities to provide these vital services.

WHEREAS, failure to fund these programs results in poor outcomes for children and families, creating an even greater long-term cost to the state.

NOW THEREFORE LET IT BE RESOLVED, human services programs need to be fully funded by the state, especially in light of the fact that demand will only continue to grow as the impacts of the current economic recession will linger for years;

BE IT FURTHER RESOLVED, the state of California needs to treat counties fairly as partners – which means relieving counties of mandates and penalties – if the state is not going to fully fund these programs.

Housing, Land Use & Transportation Policy Committee

2009 CSAC Legislative Conference

Wednesday, May 27, 2009 ▪ 10:00 a.m. to 12:00 Noon
Sacramento Convention Center ▪ Room 315 ▪ 3rd Floor
Sacramento ▪ California

DRAFT AGENDA

Chair, Supervisor Mike McGowan, Yolo County
Vice Chair, Supervisor Paul Biane, San Bernardino County

10:00 a.m. I. **Welcome, Introductions, and Approval of the Agenda**
Supervisor Mike McGowan, Chair, Yolo County
Supervisor Paul Biane, Vice Chair, San Bernardino County

10:05 a.m. II. **Budget Action Plan: 38 Million Served, Billions at Risk**
DeAnn Baker, CSAC Senior Legislative Representative

10:10 a.m. III. **Transportation and Public Works Platform Update – ACTION ITEM**
DeAnn Baker, CSAC Senior Legislative Representative
Kiana Buss, CSAC Legislative Analyst
Attachment One: CSAC Transportation and Public Works Platform

10:20 a.m. IV. **Local Streets and Roads Needs Assessment – Final Report**
Pat DeChellis, Deputy Director of Public Works, Los Angeles County

10:35 a.m. V. **Climate Change and SB 375 Update**
Mike McKeever, Executive Director, Sacramento Area Council of Governments (Invited)
DeAnn Baker, CSAC Senior Legislative Representative
Kiana Buss, CSAC Legislative Analyst

10:50 a.m. VI. **Legislative Discussion:**

- Land Use: AB 494 (Caballero): Farmworker Housing; AB 853 (Arambula): Local Government: Organization; SB 194 (Florez): Community Equity Investment Act
- Public Works Administration: AB 1409 (Perez): Force Account
- Subdivision Map Act: AB 333 (Fuentes): Subdivision Maps: Expiration Dates
- Transportation: SB 406 (DeSaulnier): Land use: Environmental Quality; SB 481 (Cox): Airports: Wildlife; SB 728 (Lowenthal): Parking Cash-Out Program

DeAnn Baker, CSAC Senior Legislative Representative
Kiana Buss, CSAC Legislative Analyst

11:20 a.m. VII. **MAP 21 Update**
Joe Krahn, Waterman and Associates

11:35 a.m. VIII. **Indian Gaming Update**
Supervisor Mike McGowan, Yolo County
Cathy Christian, Nielsen-Merksamer
Bruce Goldstein, County Counsel, Sonoma County

CHAPTER ELEVEN

Transportation and Public Works

Section 1: GENERAL PRINCIPLES

Transportation services and facilities are essential for the future well-being of the State of California. A balanced transportation system utilizes all available means of travel cooperatively and in a mutually complimentary manner to provide a total service for the needs of the community.

Transportation services should also responsibly meet the competing future needs of all segments of industry and society with maximum coordination and reasonable amounts of free choice for the consumer of the transportation service.

Balanced transportation does not simply mean the provision of highways or public transit devices. A balanced transportation system is a method of providing services for the mobility requirements of people and goods according to rational needs.

Transportation systems must be fully integrated with planned land use; support the lifestyles desired by the people of individual areas; and be compatible with the environment by considering air and noise pollution, aesthetics, ecological factors, cost benefit analyses, and energy consumption measures.

Counties also recognize that climate change and the release of greenhouse gases (GHGs) into the atmosphere have the potential to dramatically impact our environment, land use decisions, transportation networks, and the economy. Due to the overarching nature of climate change issues, all sections in this chapter should be viewed in conjunction with Chapter XV, which outlines CSAC's climate change policy.

Transportation systems should be designed to serve the travel demands and desires of all the people of the state, recognizing the principles of local control and the unique restraints of each area. Local control recognizes that organizational and physical differences exist and that governments should have flexibility to cooperatively develop systems by which services are provided and problems resolved.

Section 2: BALANCED TRANSPORTATION POLICY

A. System Policy and Transportation Principles

Government belongs as close to the people and their related problems as possible. The system of transportation services, similarly, must recognize various levels of need and function.

It is of statewide interest to provide for a balanced, seamless, multi-modal transportation system on a planned and coordinated basis consistent with social, economic, political, and environmental goals within the state.

Rural and urban transportation needs must be balanced so as to build and operate a single transportation system.

Transportation systems should be an asset to present and future environmental and economic development of the state within a framework of its ability to invest. All people of the state bear a share of the responsibility to ensure proper environmental elements of the transportation system.

Maintenance needs of transportation systems must be met in order to protect existing public investment (current revenues are not keeping pace with needs of the local road or state highway or transit systems).

The local road system, a large component of the State's transportation network, is critical in order to address congestion, meet farm to market needs, address freight and goods movement, and provide access to other public transportation systems.

Public safety, particularly access for public safety services, is dependent on a well-maintained local road network.

Analysis of the cost effectiveness of all modes of transportation, existing and proposed, is needed in order to provide the most coordinated and efficient transportation system.

Additionally, repairs to local access roads that are damaged in the course of emergency operations (for example, in fighting a fire or flood) should be eligible for reimbursement under the same programs as roads which are directly damaged by the event.

System process modifications are needed to expedite project delivery and minimize project cost.

B. Financing Policy and Revenue Principles

Transportation financing needs exceed existing and foreseeable revenues despite growing recognition of these needs at all levels of government. Additional funding is required and should be supported and any new sources of funding should produce enough revenue to respond significantly to transportation needs.

As the owner and operator of a significant portion of the local system counties support continued direct funding to local governments for preservation and safety needs of that system. Further, counties support regional approaches for transportation investment purposes for capital expansion projects of regional significance and local expansion and rehabilitation projects through regional transportation planning agencies, both metropolitan planning organizations and countywide transportation agencies.

Single transportation funds--comprised of state and federal subventions--should be available at each of the local, regional and statewide levels for financing the development, operation, and/or maintenance of highways, public transit, airports or any other modal system as determined by each area in accordance with local, regional, and statewide needs and goals. The cooperative mechanisms established by counties and cities to meet multi-jurisdictional needs should be responsible for the financing, construction, operation and maintenance of regional transportation systems utilizing--as appropriate--existing transportation agencies and districts.

Federal and state funds for safety and preservation purposes should be sent directly to applicable operational levels without involvement of any intermediate level of government. Pass-through and block grant funding concepts are highly desirable.

The cost of transportation facilities and services should be fairly shared by the users and also by indirect beneficiaries.

Transportation funding should be established so that annual revenues are predictable with reasonable certainty over several years to permit rational planning for wise expenditure of funds for each mode of transportation.

Financing should be based upon periodic deficiency reports by mode to permit adjustment of necessary funding levels. Additional elements such as constituent

acceptance, federal legislative and/or administrative actions, programmatic flexibility, and cost benefit studies should be considered.

Efforts to obtain additional revenue should include an examination of administrative costs associated with project delivery and transportation programs.

Funding procedures should be specifically designed to reduce the cost of processing money and to expedite cash flow. Maximum use should be made of existing collection mechanisms when considering additional financing methods.

In the development of long-range financing plans and programs at all levels of government, there should be a realistic appreciation of limitations imposed by time, financing, availability, and the possibility of unforeseen changes in community interest.

Rural and urban transportation funding needs must be balanced so as to build and operate a single transportation system.

Existing funding levels must be maintained with historical shares of current funding sources ensured for counties (e.g. state and federal gas tax increases, etc.).

Although significant transportation revenues are raised at the local level through the imposition of sales taxes, additional state and federal revenue sources are needed such as additional gas and sales taxes, congestion pricing, public-private partnerships, and user or transaction fees to provide a diverse financing strategy. Further, additional revenue raising authority at the local and regional level is needed as well as other strategies as determined by individual jurisdictions and regions.

Transportation revenues must be utilized for transportation purposes only and purposes for which they are dedicated. They should not be diverted to external demands and needs not directly related to transportation activities.

Revenue needed for operational deficits of transit systems should be found in increased user fees, implementation of operating efficiencies and/or new sources, rather than existing sources depended upon by other modes of transportation.

Future revenues must be directed to meet mobility needs efficiently and cost effectively with emphasis on current modal use and transportation choices for the public.

C. Government Relations Policy

The full partnership concept of intergovernmental relations is essential to achieve a balanced transportation system. Transportation decisions should be made comprehensively within the framework of clearly identified roles for each level of government without duplication of effort.

Counties and cities working through their regional or countywide transportation agencies, and in consultation with the State, should retain the ability to program and fund transportation projects that meet the needs of the region.

No county or city should be split by regional boundaries without the consent of that county or city.

Counties and cities in partnership with their regional and state government, should attempt to actively influence federal policies on transportation as part of the full partnership concept.

D. Management Policy

Effective transportation requires the definite assignment of responsibility for providing essential services including fixed areas of responsibility based upon service output.

Greater attention should be devoted to delivery of overall transportation products and services in a cost-effective manner with attendant management flexibility at the implementation level of the management system.

Special transportation districts should be evaluated and justified in accordance with local conditions and public needs.

The State Department of Transportation should be responsible for planning, designing, constructing, operating, and maintaining a system of transportation corridors of statewide significance and interest. Detailed procedures should be determined in concert with regional and local government.

Restrictive, categorical grant programs at federal and state levels should be abandoned or minimized in favor of goal-oriented transportation programs which can be adjusted by effective management to best respond the to social and economic needs of individual communities.

Policies and procedures on the use of federal and state funds should be structured to minimize "red tape," recognize the professional capabilities of local agencies, provide post-audit procedures and permit the use of reasonable local standards.

Section 3: SPECIFIC MODAL TRANSPORTATION POLICIES

A. Aviation

Air transportation planning should be an integral part of overall planning effort and airports should be protected by adequate zoning and land use. Planning should also include consideration for helicopter and other short and vertical take-off aircraft.

State and federal airport planning participation should be limited to coordination of viable statewide and nationwide air transportation systems.

Local government should retain complete control of all airport facilities, including planning, construction, and operation.

B. Streets and Highways

Highway transit--in a coordinated statewide transportation system--will continue to carry a great percentage of the goods and people transported within the state. A program of maintenance and improvement of this modal system must be continued in coordination with the development of other modal components.

Efforts to maximize utilization of transportation corridors for multi-purpose facilities should be supported.

C. Public Transit

Counties and cities should be responsible for local public transit systems utilizing existing transportation agencies and districts as appropriate.

Multi-jurisdictional public transit systems should be the responsibility of counties and cities acting through mechanisms, which they establish for regional decision-making, utilizing existing transportation agencies, and districts as appropriate.

The State should be responsible for transportation corridors of statewide significance, utilizing system concepts and procedures similar to those used for the state highway system. Contracts may be engaged with existing transit districts and

public transportation agencies to carry out and discharge these state responsibilities.

Consideration of public transit and intercity rail should be an integral part of a local agency's overall planning effort and should maximize utilization of land for multi-purpose transportation corridors.

Public transit planning should include a continuing effort of identifying social, economic, and environmental requirements.

D. Rail

Railroads play a key role in a coordinated statewide transportation system. In many communities, they form a center for intermodal transportation.

Rail carries a significant portion of goods and people within and out of the state. The continued support of rail systems will help balance the state's commuter, recreational, and long distance transportation needs. Support for a high-speed rail system in California is necessary for ease of future travel and for environmental purposes.

Rail should be considered, as appropriate, in any local agency's overall planning effort when rail is present or could be developed as part of a community.

Research and development of innovative and safe uses of rail lines should be encouraged.

E. Other

Non-motorized transportation facilities, such as pedestrian and bicycle facilities are proper elements of a balanced transportation system. Facilities for non-motorized transportation should be financed through a combination of sources best suited to the needs of the community.

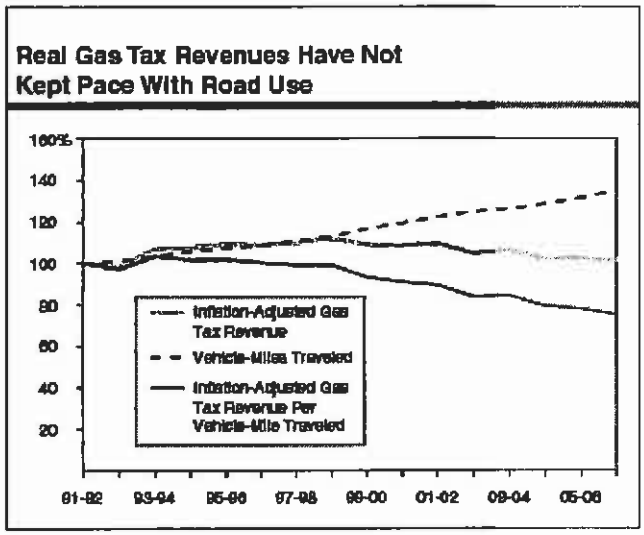
Research and development of new vehicles and propulsion units should be encouraged.

Section 4: CONCLUSION

Since 1970, transportation demands and needs have out-paced investment in the system. An examination of transportation revenues and expenditures compared to

population, travel and other spending in the state budget, adjusted for inflation, shows a long period of under-investment in transportation continuing through the 1990s and into the next decade.

Between 1990 (when the gas excise tax was increased) and 2004, California's population increased 20.6%, while travel in the state increased 36.3% and the number of registered vehicles in California increased 43.2%. According to the Legislative Analyst's Office, travel is outpacing gas tax revenue (see chart, below).



Source: Legislative Analyst's Office, Budget Analysis 2006

Further, inflation has seriously eroded the buying power of gas tax dollars. While revenues from the gas tax increase in the 1990s roughly kept pace with miles traveled, with no increases since 1994, travel has now outpaced revenues, creating not only chronic congestion but also extreme wear and tear on the state highway and local road system. Further, the sufficiency of gas tax revenues to fund transportation has declined over time as cars have become more fuel efficient and as project costs have increased. Inflation-adjusted gas tax revenues declined 8% just in the last seven years.

The gas tax once funded most transportation programs in the state, including operations and construction. Now the per-gallon fuel tax collected at both the state and federal levels and the state weight fees does not even provide enough revenue to meet annual maintenance, operations, and rehabilitation needs for the state highway system (the State Highway Operation and Protection Program or SHOPP). Counties and cities dependent upon a portion of the State's gas tax revenues are in the same situation in that revenues are short of meeting their preservation needs of the local system. Rehabilitation and preservation programs for California's aging

for California's aging system now consume 100% of gas tax revenues in most local jurisdictions.

The principle source of funding for improvements to the system and new capacity (the State Transportation Improvement Program or STIP) is now Proposition 42, the sales tax on gasoline. Just five years ago, the STIP was funded almost entirely from user fees. Proposition 42, however, provides no more than half the amount the State was making available for transportation improvements just a decade ago.

The bottom line is that the current revenue system is not providing the funding necessary to maintain existing transportation systems, much less to finance operation, safety, and expansion needs.

The citizens of California have invested significant resources in their transportation system. This $3 trillion investment is the cornerstone of the state's commerce and economic competitiveness. Virtually all vehicle, pedestrian, and bicycle trips originate and terminate on local streets and roads. Emergency response vehicles extensively use local roads to deliver public service. Public safety and mobility rely on a well-maintained transportation infrastructure. Transportation funding is important to the economy and the economic recovery of the state. Increased investment in the transportation network is essential to stimulate the economy, to improve economic competitiveness and to safeguard against loss of the public's existing $3 trillion investment in our transportation system.

(The source of information for the statistics provided is from the Transportation California website and includes reports from the: California Transportation Commission (CTC), Legislative Analyst Office (LAO), United States Department of Transportation (USDOT), and Federal Highway Administration (FHWA)).

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VIA ELECTRONIC MAIL

May 14, 2009

To: Chairs of the Board
CSAC Executive Committee
County Administrative Officers

From: Paul McIntosh, CSAC Executive Director
Jean Kinney Hurst, CSAC Legislative Representative

Re: **May Revision to the 2009-10 State Budget**

Governor Arnold Schwarzenegger released a plan for revision of the 2009-10 state budget this afternoon. (Just a reminder: the state actually already has a 2009-10 budget in place. The 2009-10 May Revision essentially addresses an emerging budget shortfall in the existing budget plan.) The May Revision proposal outlines a $15.4 billion budget deficit; that deficit skyrockets to $21.3 billion if the May 19 special election ballot measures fail. Acknowledging the magnitude of the potential deficit and in an effort to communicate the state's dire fiscal straits to the public, the Department of Finance has prepared both a May Revision and a number of contingency proposals that are offered as solutions if the ballot measures were to fail.

It is unclear how the Legislature will address the May Revision process, given the unprecedented times. It has been rumored that a joint legislative conference committee may be convened as early as next week to begin the budget deliberation process. CSAC will keep counties apprised of all budget-related activities as soon are aware of them.

This summary outlines the May Revision as presented by the Department of Finance in a factual manner, without editorial comment. Please keep in mind that there are very few details provided, and we expect more information to come out as the weeks progress. Furthermore, CSAC will be contacting counties tomorrow with an action plan to address the significant and severe proposals contained in the Governor's May Revision.

Please be sure to note that we have organized our summary in two parts. The first section, under *Proposed May Revision* (starting on page 3), describes the Governor's budget solutions that anticipate a $15.4 billion deficit in 2009–10. The second section, under *Proposed Contingency Plan* (starting on page 7), describes the **additional** cost savings proposals the Governor's has outlined in the event that the propositions on the May 19 special election ballot fail.

A copy of the May Revision can be found online at the Department of Finance's website.

May Revision Summary Charts

May Revision Budget Shortfall
($ in millions)

		Total Reserve
6/30/10 Reserve, Projected as of 2009 early Budget Act		**$2,103**
Workload Adjustments:		-$15,546
Revenues	-12,401	
Prop 98 Expenditures (mainly property tax loss)	-1,090	
Non-Prop 98 Expenditures	-2,317	
Federal Stimulus Funds, General Fund Offset	262	
Rebuild Reserve		-2,000
Budget Shortfall Assuming Passage of Propositions		-$15,443
Budget Shortfall if the Propositions Fail on May 19		-$21,279

Recap by Category of May Revision Proposals
($ in millions)

	2008-09 & Prior	2009-10	Two-Year	Percent of Total
Reorganization/Consolidation	$0.0	$50.0	$50.0	0.3%
Program Savings	2,020.0	3,539.6	5,559.6	38.2%
Cuts Requiring Federal Waivers	0.0	750.0	750.0	5.2%
Revenue Accelerations/Fees	0.0	988.9	988.9	6.8%
Fund Shifts	12.5	92.9	105.4	0.7%
Other	0.0	1,100.0	1,100.0	7.6%
Borrowing	0.0	6,000.0	6,000.0	41.2%
Total	**$2,032.5**	**$12,521.4**	**$14,553.9**	**100.0%**
Change in Reserve (from $2 billion)		889.0	889.0	
Total w/ Change in Reserve	$2,032.5	$13,410.4	$15,442.9	

2009-10 May Revision Proposals
General Fund Budget Summary With Budget Solutions
($ in millions)

	2008-09	2009-10
Prior Year Balance	$2,308	-$4,248
Revenues and Transfers	85,947	90,518
Total Resources Available	**88,255**	**86,270**
Non-Prop 98 Expenditures	58,195	44,769
Prop 98 Expenditures	34,308	39,311
Total Expenditures	**$92,503**	**$84,080**
Fund Balance	**-$4,248**	**$2,190**
Reserve for Liquidation of Encumbrances	1,079	1,079
Special Fund for Economic Uncertainties	**-$5,327**	**$1,111**

Recap by Category, May Revision Contingency Proposals
($ in millions)

	2008-09 & Prior	2009-10	Two-Year	Percent of Total
Reorganization/Consolidation	$0.0	$0.0	$0.0	0.0%
Program Savings	617.0	2,822.8	3,439.8	50.8%
Cuts Requiring Federal Waivers	0.0	0.0	0.0	0.0%
Revenue Accelerations/Fees	0.0	1,776.5	1,776.5	26.2%
Fund Shifts	0.0	0.0	0.0	0.0%
Other	0.0	78.3	78.3	1.2%
Borrowing	0.0	1,482.0	1482.0	21.9%
Total	**$617.0**	**$6,159.7**	**$6,776.7**	**100.0%**
Change in Reserve (from $2 billion)		-941.0	-941.0	
Total w/ Change in Reserve	$617.0	$5,218.7	$5,835.7	

Recap by Category of All May Revision and Contingency Proposals
($ in millions)

	2008-09 & Prior	2009-10	Two-Year	Percent of Total
Reorganization/Consolidation	$0.0	$50.0	$50.0	0.2%
Program Savings	2,637.0	6,362.4	8,999.4	42.2%
Cuts Requiring Federal Waivers	0.0	750.0	750.0	3.5%
Revenue Accelerations/Fees	0.0	2,765.4	2,765.4	13.0%
Fund Shifts	12.5	92.9	105.4	0.5%
Other	0.0	1,178.3	1,178.3	5.5%
Borrowing	0.0	7,482.0	7,482.0	35.1%
Total	**$2,649.5**	**$18,681.1**	**$21,330.6**	**100.0%**
Change in Reserve (from $2 billion)		-52.0	-52.0	
Total w/ Change in Reserve	$2,649.5	$18,629.1	$21,278.6	

2009-10 May Revision and Contingency Proposals
General Fund Budget Summary With All Budget Solutions
($ in millions)

	2008-09	2009-10
Prior Year Balance	$2,308	-$3,631
Revenues and Transfers	85,947	92,218
Total Resources Available	**88,255**	**88,587**
Non-Prop 98 Expenditures	58,195	48,804
Prop 98 Expenditures	33,691	36,652
Total Expenditures	**$91,886**	**$85,456**
Fund Balance	**-$3,631**	**$3,131**
Reserve for Liquidation of Encumbrances	1,079	1,079
Special Fund for Economic Uncertainties	**-$4,710**	**$2,052**

Proposed May Revision

STATEWIDE ISSUES

Issuance of Registered Reimbursement Warrants (RAWs). The May Revision proposes the issuance of $6 billion in Registered Reimbursement Warrants (RAWs) to assist the state in covering its cash shortfall. The amount will be treated as an offset of 2009-10 expenditures but additional cashflow borrowing will be required to address the state's cash needs. The Department of Finance indicates that it

will be working with the State Controller and the State Treasurer to develop a strategy for addressing cash borrowing over the coming weeks.

School Financing, Deferrals, and Dry-Period Financing. The Governor proposes to cut K-12 and community college appropriations by $1 billion in 2008-09 and $2 billion in 2009-10. The reductions are allowable without suspending Proposition 98 because of the drop in expected revenues on which the Proposition 98 base relies. The Legislature must enact the 2008-09 reductions before the end of this fiscal year, or they permanently become part of the Proposition 98 base, which not only takes away the $1 billion in 2008-09 savings, but also raises the guarantee in all future years, including 2009-10.

Like the Legislature did when they cut school funding earlier this year, the Governor proposes to increase schools' budget flexibility. Most notably, local districts would have the option of reducing up to one week of instructional time, for no more than three years.

Also of note, the May Revision outlines potential plans to move certain K-12 payments from the scheduled payment dates to a later date. This may be of interest to counties as schools may require dry-period financing from the county investment pool to cover their cashflow shortfalls.

Property Tax Forecast. The state has changed its property tax forecast; they revised their 2008-09 estimate down to 2.3 percent growth from 4.4 percent, and revised their 2009-10 estimate down to 4.1 percent decline from 0.3 percent growth. The Administration reports having solicited county assessors throughout the state to develop these revised estimates, as well as considering steep price declines for residential properties in 2008, which will drive reductions in 2009-10.

Vehicle License Fee (VLF) Forecast. The state has revised its VLF forecast for 2009-10 down 2.1 percent from the Budget Act estimate and revised the 2008-09 forecast up 4.0 percent. With these two changes, they now expect 2009-10 VLF revenues to be four-and-a-half times higher than in 2008-09.

Sales and Use Tax (SUT) Forecast. The state has altered its SUT forecast for 2008-09 down 6.5 percent from the Budget Act estimate and its 2009-10 forecast down 8.7 percent. With these two changes, the Administration now expects 2009-10 SUT revenues to be about 12 percent higher than in 2008-09, which in turn were about 7.5 percent below 2007-08 levels.

California Economic Indicators. The state projects nonfarm wage and salary employment to drop by 3.9 percent in 2009 and another 0.9 percent in 2010, which will drive the state's unemployment up to 12.0 percent. Despite this, the Administration projects personal income to rise 1.4 percent in 2010 and 3.9 percent in 2011. Personal income's projected decline by 1.0 percent in 2009 is the first since 1938.

The state estimates housing permits, which dropped 42.5 percent in 2008 to about 65,000 units, to drop another 24.4 percent in 2009 to about 49,000 units. However, the Administration projects a 74.9 percent increase in 2010 to 85,000 units.

ADMINISTRATION OF JUSTICE

The Governor's May Revision proposes no specific local public safety program reductions. We would note that the local public safety subventions previously supported by the state General Fund are now, pursuant to the February budget resolution, funded by a 0.15 percent increase to the Vehicle License Fee (VLF). The new local public safety funding construct is not affected by either the May Revision or the Governor's contingency plan.

AGRICULTURE AND NATURAL RESOURCES

Williamson Act. The Governor's May Revision proposes to eliminate all state Williamson Act subvention payments to local government. This proposal reflects $34.7 million in payments to cities and counties with Williamson Act contracts. The Governor's 2009-10 budget reduced the Williamson Act subventions by 10 percent, but did not eliminate funding.

Flood Protection. The Governor's May Revision proposes to shift funding for flood protection activities to Proposition 1E. The May Revision proposes to shift funding for floodplain evaluations and mapping and support for Delta levees to Proposition 1E. General Fund support for these programs will need to be restored when bond funds become unavailable.

GOVERNMENT FINANCE AND OPERATIONS

Employee Health Care Costs. The Governor proposes $132.2 million in program savings beginning in January 2010, by contracting for lower cost health care coverage either through CalPERS or directly from an insurer. The savings from this proposal would prefund Other Post-Employment Benefits costs.

Employer Costs. The Governor's May Revision seeks to shift major Department of Industrial Relations programs to fees, thereby increasing employer fees to fund the Occupational Safety Hazard and Labor Standards Enforcement programs.

State Employee Cuts. Governor Schwarzenegger today ordered his Administration to send layoff notices to 5,000 state employees, cutting that workforce by five percent.

HEALTH AND HUMAN SERVICES

In-Home Supportive Services. The Governor's May Revision resurrects a number of budget cut proposals from prior years. The cuts would be effective October 1, 2009. The cut proposals including the following:

- **Wages and Benefits.** The Administration proposes to roll back state participation in IHSS wages to the current state minimum wage of $8 per hour for a savings of $114.1 million General Fund. Currently, the state participates in wages up to $11.50. Effective July 1, 2009, state participation will decrease to $9.50. Under the proposal, the state would maintain participation in benefits at $0.60 per hour.

- **Limit Services.** The Administration is also proposing to eliminate domestic and related services for all consumers with a functional index below 4, for a savings of $40.8 million General Fund.

- **Increase Cost Sharing for Consumers.** As proposed last year, consumers with a functional index below 4 would not be eligible for a state-funded share of cost buyout, giving these consumers a share of cost for services. The proposal would save $38.2 million.

In addition, the Administration is proposing an **IHSS Fraud Initiative**, projected to save $15.8 million. There is no detail on the fraud initiative at this time.

CalWORKs. The May Revision includes $156.7 million in savings associated with enacting the following cuts effective October 1, 2009:

- **Modified Safety Net program.** This proposal would provide benefits only for Safety Net cases that meet federal work participation requirements.

- **60-month time-limit for child-only cases.** The May Revision also assumes that grants for children of unaided adults will be subject to a 60-month time limit.

- **Self-Sufficiency Reviews.** The Administration is also proposing to require face-to-face interviews, which they are calling Self-Sufficiency Reviews, with all recipients who are not meeting work requirements. The interviews would occur every six months.

- **Grants.** The Administration is proposing to reduce the CalWORKs maximum aid payment standard by six percent. The 2009 Budget Act includes a 4 percent grant reduction effective July 1, 2009.

Medi-Cal

- **Federal Medi-Cal Flexibility & Stabilization.** The May Revision document includes a placeholder to pursue $750 million in savings to the Medi-Cal program by requesting a federal waiver. According to the Administration's document, the state can no longer afford its Medi-Cal program as currently structured and governed by federal rules. Under the new federal requirements of the American Recovery and Reinvestment Act of 2009 (ARRA), California cannot reduce eligibility to create savings. California has been unable to implement Medi-Cal rate reductions. The Governor will be petitioning the Obama Administration to secure program flexibilities to slow the rate of program growth and manage Medi-Cal within available resources. They will also work with Congress to resolve longstanding, unreimbursed Medicaid claims owed to states regarding classification of certain permanent disability cases. The document provides no detail on the types of "flexibility" that the Administration will be pursuing.

- **Legal Immigrants** (Qualified Alien or Permanently Residing in the U.S. under Color of Law (PRUCOL). Proposes to reduce the scope of benefits available to legal immigrants, age 20 and older, from full-scope Medi-Cal to emergency services, pregnancy, long-term care and breast and cervical cancer treatment. This proposal would save $125 million.

- **Private Hospitals.** Reduce Medi-Cal payments to private hospitals by 10 percent to achieve $20 million in savings. This is commensurate to the public hospitals reduction included in the 2009 Budget Act.

- **Eliminate Certified Application Assistance.** Eliminate certified application assistance for $2.7 million in savings. This assistance helps individuals enroll and remain in subsidized children's' health insurance coverage.

- **Family Planning Services Rates.** Reduce rates for family planning services to the pre-January 2008 level, which saves $36.8 million.

- **Pharmacy Reforms.** Implement new federal and state drug pricing policies effective October 1, 2009. Reforms would require federal Drug Pricing providers to dispense only drugs purchased through the program, would require manufacturers of HIV/AIDS/cancer drugs to pay particular rebates subject to a penalty of non-compliance, establish billing limits for drugs and would require the state to perform therapeutic category review of antipsychotic drugs.

- **Anti-Fraud Initiative.** More aggressively target fraud in adult day health care centers, pharmacy, physicians, durable medical equipment, and transportation for a savings of $47.9 million. The costs to start the initiative include $3.4 million General Fund for 62 positions.

Immigrant Programs. Savings of $120.2 million, effective October 1, 2009, by eliminating:

- **Cash Assistance Program for Immigrants (CAPI).** The Administration proposes to eliminate the CAPI program, which provides cash assistance to approximately 12,000 immigrants who are aged, blind or disabled but who do not qualify for Supplemental Security Income (SSI) due to immigration status, for a savings of $111.2 million General Fund. To be eligible for CAPI an individual must be either a Qualified Alien or Permanently Residing in the U.S. under Color of Law (PRUCOL). Many CAPI recipients would become eligible for county General Assistance programs.

- **California Food Assistance Program (CFAP).** The Administration also proposes to eliminate the CFAP, which provides benefits to 22,000 low-income legal non-citizens.

Child Welfare Services. The May Revision proposes to request that the federal government allow the federal Fostering Connections to Success and Increasing Adoptions Act funds to be used to offset General Fund spending on the Kinship-Guardianship Agreement Payment (KinGAP) program. If federal

support is obtained, $31 million General Fund would be saved. The Administration formally made this request to Health and Human Services Agency Secretary Sebelius on May 13, 2009.

Supplemental Security Income/State Supplemental Payment (SSI/SSP). The May Revision proposes reducing the maximum monthly grants to the minimum allowed under federal law. This grant cut would be effective September 1, 2009 and would save $248.5 million. Grants would be reduced to $830 per month for an individual and $1,407 per month for a couple. The 2009 Budget Act includes a 2.3 percent grant reduction effective July 1, 2009.
Housing, Land Use and Transportation

HOUSING, LAND USE AND TRANSPORTATION

Proposition 42. The Governor's proposed May Revision to the 2009-10 state budget does not include a proposal to borrow Proposition 42.

Transfer of Spillover. The Governor proposes to divert $336 million in "spillover" revenue that are projected to accrue in 2009-10 to fund transit bond debt service. Spillover revenues occur when revenue derived from sales taxes on gasoline is proportionately higher in relationship to revenue derived from all taxable sales, and generally reflect higher gasoline prices.

Proposed Contingency Plan

Suspension of Proposition 1A (2004). As widely reported, Governor Schwarzenegger included the suspension of Proposition 1A (2004) in the contingency plan for resolution of the state budget deficit if the May 19 ballot measures fail. There is little detail to the description, except that the state is anticipating borrowing $1.982 billion in property tax revenues from counties, cities, and special districts for the 2009-10 fiscal year. The summary assumes repayment within three years, as required by the Constitution, and specifically notes that the Administration will propose legislation to create a joint powers authority to allow local agencies to borrow against the state repayment as a group.

Counties may be aware that the League of California Cities released a by-county, by-city estimated breakdown of the Proposition 1A reduction. We encourage counties to compare this information with estimates prepared using your most current information on allocated 2008-09 property tax revenues. While an 8 percent property tax reduction is a fairly straightforward calculation, please keep in mind that there is no proposed allocation of the reduction in the contingency plan to our knowledge. Article XIII, Section 25.5 of the California Constitution specifies that the allowed property tax reduction is "a total ad valorem property tax revenue loss to all local agencies within a county that exceeds 8 percent of the total amount of ad valorem property tax revenues that were allocated among all local agencies within that county for the fiscal year immediately preceding the fiscal year."

Reduce RAW borrowing. The contingency plan reduces the size of Registered Reimbursement Warrants (RAWs) by $500 million to reduce the overall borrowing in the budget package.

Targeted Reductions In Prison Population. The Governor's May Revision contingency plan calls for a release of an estimated 19,000 undocumented immigrant inmates from the state prison system. The state would turn over the undocumented criminals to the federal government for immediate deportation. The Governor's budget materials identify the historic underfunding of the State Criminal Alien Assistance Program (SCAAP) as its rationale for the early release of undocumented criminals. Apparently, the state intends to solicit applications for commutations of sentences by undocumented immigrants in the state prison system. This Governor's contingency plan assumes that this proposal would yield savings of $182.1 million.

We would point out that the 19,000 figure associated with the early release of undocumented immigrant detainees is only half of the 38,000 early release figure cited in press reports earlier today. Whether a larger prison release plan is assumed as part of the broad state worker layoff is not known at this time. We will continue to seek information on the prison population reduction proposal in the coming days.

Shifting Populations to County Jails. The Governor's contingency plan also would change sentencing options for low-level offenders, eliminating "wobbler" provisions — whereby an offense can be charged as either a misdemeanor or a felony — and making those crimes punishable only by a term in county jail. The Governor's budget documents indicate that this change will create state savings (and, presumably, a similarly sized county cost) of $99.9 million.

Emergency Response Initiative. As part of the contingency plan, the Governor proposes to increase the insurance surcharge included in his budget from 2.8 percent to 4.8 percent on all residential and commercial property insurance statewide. The increase would fund a portion of the Department of Forestry and Fire Protection's baseline firefighting operations and provide assistance to local first response agencies in support of the state's mutual aid system. Proposed enhancement to the state's emergency response capabilities would be delayed until 2010-11. The Governor estimates that the surcharge would average approximately $48 per insurance policy holder.

State Parks Fees. Included in the contingency plan is a proposal to increase existing fees in popular state parks and establish new fees in Old Town San Diego State Park and Sonoma Coast State Beaches. Funds will be used to offset General Fund expenditures, which are estimated to achieve $5.6 million in General Funds savings.

The May Contingency plan contains approximately $600 million in additional cuts to health and human services programs.

In-Home Supportive Services (IHSS). Effective October 1, 2009, individuals who require minimal physical assistance from another person to perform an activity would no longer receive domestic and related services; individuals needing supervision form another person to perform an activity would no longer be eligible for IHSS services. This proposal is estimated to save $301.5 million.

Child Welfare

- **County Allocation.** The Administration proposed to reduce child welfare allocations to counties by $70 million General Fund. Counties will lose the associated federal funds.

- **Rate Reductions.** The Administration is proposing to reduce the Group Home, Foster Family Agency, and specialized care and clothing allowance rates by 10 percent.

Proposition 36. The Governor's contingency plan would eliminate $108 million in Proposition 36 funding ($90 million in Substance Abuse and Crime Prevention Act funding and $18 million in Substance Abuse Offender Treatment Program funding).

Medi-Cal. May Contingency proposals include the following:

- **Drug Medi-Cal.** Reduce Drug Medi-Cal rates by 10 percent, for $8.8 million in savings. This proposal affects substance abuse treatment providers.

- **Adult Day Health.** Reduce the Adult Day Health Care optional benefit by limiting benefits to three days per week for a savings of $25.5 million.

Children's Health

- **Healthy Families Program.** The Administration proposes to roll back eligibility to 200 percent of the Federal Poverty Level for a savings of $54.5 million. Approximately 225,000 children would lose health coverage through the program.

- **Children's Dental Disease program.** The Administration proposes to suspend the Children's Dental Disease program by a savings of $2.9 million. The program provides comprehensive school-based

prevention program based on need. It operates in 31 counties and serves approximately 300,000 preschool and elementary school children.

Proposition 99. The Administration proposes to redirect $60 million in Proposition 99 funds to offset Medi-Cal costs. The following Proposition 99 funded items would be affected: county health, clinics, Breast Cancer Early Detection, Asthma, Major Risk Medical Insurance, and Access for Infants and Mothers program.

Public Health

- **HIV Education and Prevention.** The Governor's contingency plan would eliminate $24.6 million in funding that supports local efforts to prevent transmission of HIV, address attitudes and behaviors related to HIV, and promote risk reduction skills.

- **Maternal, Child and Adolescent Health Grants.** The contingency plan would eliminate $10 million that supports local health services seeking to improve the health of mothers, infants, children, adolescents, and families.

Other Items of Interest

Domestic Violence Programs. The Governor's contingency plan would eliminate $20.4 million in funding that supports services for victims of domestic violence through a network of 94 domestic violence shelters and centers. These service centers provide emergency shelter, transitional housing, legal advocacy, assistance with temporary restraining orders, counseling and other supportive services to victims of domestic violence and their children.

Poison Control System. The Governor's contingency plan would eliminate $5.9 in state funding for the poison control system, a statewide network of trained personnel who are available by phone for immediate, free treatment advice regarding exposure to poisonous or hazardous substances.

California State Association of Counties
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FOR IMMEDIATE RELEASE
May 14, 2009
Contact: Sarah Jimenez, CSAC Communications Coordinator, 916/327-7500 ext. 516

May Revision Proposal Would Devastate County Services

California counties adamantly oppose the borrowing of nearly $2 billion in local government funds, as proposed in the 2009–10 May Revision Contingency Plan — which contains budget proposals for consideration if the May 19 ballot measures fail. This proposal comes during a perfect storm for local programs and services: steeply declining revenue, double-digit caseload increases due to job losses, previous budgetary reductions by the state, and a new set of spending cuts that will annihilate local services.

This plan to sweep local property taxes would cripple counties' ability to provide vital services when the need is growing daily. The proposal is a short-sighted, irresponsible maneuver that does nothing to solve the state's long-term budget issues. In fact, the plan comes at a significant cost to the state as local governments have to be repaid within three years with interest.

The borrowing plan also has to be considered in the context of the Governor's overall budget proposal that, if enacted, would impose significant cost shifts on counties, place unmanageable strains on an already overcrowded jail system, and further tatter the frayed safety net that protects vulnerable Californians.

Counties recognize the State is dealing with unprecedented budget challenges and facing a deficit of between $15.4 billion and $21.3 billion. Counties also recognize the May Revision represents an initial attempt to frame the Legislative debate in the coming weeks. Tough decisions are ahead that are sure to affect programs and services across the state. However, borrowing local government funds brings with it dire consequences and does nothing to solve the state's long-term structural problems.

The California State Association of Counties, headquartered in Sacramento, is the voice of California's 58 counties at the state and federal level.

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May 11, 2009

TO: CSAC Board of Directors

FROM: Paul McIntosh, Executive Director

RE: Presentation by CDCR Secretary Matthew Cate – INFORMATIONAL ONLY

California Department of Corrections and Rehabilitation (CDCR) Secretary Matthew Cate will make an outreach presentation at the CSAC Board of Directors meeting on May 28. Earlier this year, I met with Secretary Cate to discuss issues of mutual interest and explore ways to strengthen the partnership between the state correctional agency and county governments. Secretary Cate's presentation before the Board is one of the ways to meet these objectives.

As counties are aware, we are facing a perfect storm in the correctional world: burgeoning state and local prison populations; the threat by a federal court to take dramatic action — either through a prison population cap or other mechanisms — to reduce the state prison populations; a federal receivership over the state's correctional health and mental health delivery system; and significant budgetary shortfalls at the state and local levels. Given the inextricable links between the state and local correctional system, we are acutely concerned about local impacts of potential state legislative and federal court actions. It is in our best interests to work collaboratively and cooperatively with the Secretary during these tumultuous times.

We welcome the outreach by Secretary Cate and look forward to his discussion with CSAC Board members on a range of issues, which is likely to include topics such as implementation of correctional reforms begun under AB 900 (Chapter 7, Statutes of 2007), perspectives on the state and county role in the juvenile justice system, and general approaches to increasing collaboration between counties and the state corrections agency. Mr. Cate was confirmed by the California Senate as the CDCR Secretary last week; his biography is attached.

Matthew Cate Biography

Matthew Cate was appointed by Governor Arnold Schwarzenegger on May 16, 2008, as Secretary of the California Department of Corrections and Rehabilitation.

Prior to this appointment, Mr. Cate was appointed as Inspector General by Governor Arnold Schwarzenegger in March 2004 and subsequently confirmed by the state senate to that position. As Inspector General, Mr. Cate was responsible for public oversight of the California Department of Corrections and Rehabilitation. Since 2007, he also served as the chair of the California Rehabilitation Oversight Board and in that capacity was responsible for reporting to the state legislature on the progress made by the California Department of Corrections and Rehabilitation in fulfilling its obligation to provide effective rehabilitative programs to California's inmates and parolees.

Prior to becoming California's Inspector General, Mr. Cate served as a state and local prosecutor. From 1996 to 2004, he served as a Deputy Attorney General at the California Department of Justice. In that capacity, he supervised a team of trial and appellate prosecutors, managed a criminal trial caseload of political corruption matters and provided counsel to county grand juries. In 2003, while working on federal fraud and corruption matters, Mr. Cate was cross-designated as a Special Assistant United States Attorney. From 1994 to 1996, Mr. Cate was a Deputy District Attorney for Sacramento County, last serving in a special assignment prosecuting juvenile rape and murder cases. Prior to joining the public sector, Mr. Cate worked as a business litigation attorney with Downey, Brand, Seymour & Rohwer. He has also held several positions as an instructor of legal and law enforcement-related topics, including standards training for peace officers.

Mr. Cate earned his Doctor of Jurisprudence from the University of Oregon School of Law and a bachelor of science degree in business administration from Linfield College, where he was a National Scholar Athlete. He is a member of the California State Bar.

INSTITUTE FOR LOCAL GOVERNMENT

FOUNDED 1955

Update on Activities
May 2009

Things have been busy at the Institute since our last report in March. To keep our report brief, we would like to focus on two specific areas: our website and climate change/SB 375 efforts (the latter of which involves cross-program collaboration among the Institute's climate change, land use and civic participation programs). Rest assured the other program areas are doing well and will have lots of good things to report at your next meeting.

Coming Soon: Overhauled Website

The Institute has been working hard over the first part of the year to upgrade and overhaul its website, taking advantage of "Web 2.0" technologies that allow for a more interactive experience on the site and make it as easy as possible for local officials to access resources through the site. As the description of activities below illustrates, our website will be a central tool for making information available to local officials and their staffs.

The goal is to launch a beta-version of the site in June. Volunteers to help beta-test the new site are welcome.

Climate Change and SB 375 Activities

The Institute is leveraging the funding provided by CSAC and the League of California Cities to 1) reduce the costs to local agencies of policymaking activities associated with greenhouse gas/sustainability efforts (including staff time costs), and 2) enhance lines of communication and positive partnerships with state agencies that have jurisdiction over and expertise on greenhouse gas reduction-related activities.

The following is a list of both in-process and planned activities. We welcome suggestions, feedback and other thoughts.

- **CSAC Institute for Excellence.** ILG staff participated in an educational panel for the CSAC Institute for Excellence in County Government class on "Climate Change, AB 32, and SB 375" in April, along with CSAC and Sonoma County staff and CSAC Board member Roger Dickinson.

- **Engaging the Public in Greenhouse Gas Reduction Efforts.** Work is wrapping up on a pamphlet describing how to involve the public in developing agency greenhouse gas reduction programs and policies, including working with businesses and residents. The pamphlet will be available on the Institute's website and will be e-mailed to counties through CSAC listserves. (The pamphlet is being prepared with funding from the California Air Resources Board.)

- **Case Stories for Website.** The Institute is interviewing county and other local officials about their experiences with green building, commercial recycling, land use/community design and efficient transportation. These case stories will be a prominent feature of the Institute's new website.

- **Sample Annotated Commercial Recycling Ordinance.** For those agencies interested in moving from a focus on residential recycling to commercial recycling, the Institute is working on a sample ordinance to help local agencies avoid having to re-invent this particular wheel. The advisors for this effort include staff from local agencies which already have such ordinances, along with representatives from the private sector, attorneys and other experts. The annotated ordinance will be accompanied by case studies detailing lessons learned by local agencies that have such ordinances in place. (Anticipated availability summer 2009, funded by contract with from the California Integrated Waste Management Board.)

- **Pilot Regionally-based Web Portal with GHG Reduction Resources for Local Officials.** Work is finishing up on a prototype section of our new website funded by the Bay Area Air Quality Management District that will enable local agency officials to access information on the Institute's website on greenhouse gas reduction opportunity areas by region and other variables. The web-portal is a pilot effort to provide key resources and information to cities and counties within the nine county Bay Area region. Our and BAAQMD's goal (possibly working with other air districts) is to secure the resources to take the pilot project statewide.

- **White Papers.** Plain language analyses on the following:

  - Recycling Market Development Zones *(written by the Chair of the California Integrated Waste Management Board)*

  - Understanding Carbon Calculators *(written in collaboration with staff of the California Air Resources Board)*

- **Understanding What Cap And Trade Means For Local Agencies.** This guide is in the early stages of development. It will include user-friendly materials with basic information for local officials about how cap and trade systems work, how such a system might apply in California, and key opportunities for public agencies to consider. Also planned is a webcast workshop for interested local officials. *(Being prepared in collaboration with the California Air Resources Board staff.)*

- **Assessing Greenhouse Gas Emissions for Agency Facilities.** This will be a user-friendly "how to" guide and with accompanying webcast to assist cities and counties in using the Air Resources Board adopted Local Government Protocols to conduct greenhouse gas inventories for agency facilities and operations. A key goal is to work through and address local agency concerns that the procedures contemplated by the protocols are cumbersome and difficult to understand. *(Being prepared in collaboration with the California Air Resources Board staff.)*

- **Summary of Funding Opportunities for Greenhouse Gas Reduction Activities.** This will be a compilation of information about funding sources available to cities and counties for greenhouse gas reduction activities. *(Being prepared in collaboration with the Air Resources Board staff to expand information already compiled for the Air Resources Board's CoolCalifornia website.)*

- **SB 375 Activities:**

  - **One-Pager.** The Institute has prepared a simplified, one-page summary of the key aspects of SB 375 for local officials to use in explaining the bill to the public and others. This plain language summary was recently a centerpiece of materials distributed at a seminar on SB 375 Implementation organized by UC Davis at the Great Valley Center's annual conference in Sacramento. Copies will be available at the board meeting.

  - **Public Participation Planning.** The Institute is collecting and analyzing existing public participation plans prepared by metropolitan planning organizations to create a baseline of information and knowledge about those efforts as metropolitan planning organizations gear up to prepare public participation plans under SB 375. The goal is to help agencies share information and save resources in developing the SB 375 plans. We are in promising discussions about leveraging the funding that CSAC and the League provided for this effort with additional funding from CalTrans to do more in this area.

  - **Regional Planning Resources.** Similarly, we are also collecting a range of materials on regional planning and SB 375 for posting on the new website.

  - **Additional SB 375 Guides for local officials.** We are beginning the research to develop a series of short guides for county and other local officials on various aspects of SB 375 and regional planning. The two-page to four-page guides covering a number of topics are planned to be used as printed and web-based educational handouts, source material for articles and newsletters, background material for workshops, and resources that local officials can use to educate colleagues, stakeholders, and the public.

- **Future topics.** Future topics for workshops, webcasts and short publications that we are exploring include:

  - **A Local Official's Guide to Water Conservation Strategies.** This resource guide will provide an overview of policy strategies for local officials to consider in reducing water usage. It will be prepared in collaboration with the public and private water district communities.

  - **So You Want To Put a Solar Photovoltaic System on Your Agency's Roof?** What do local agency officials need to know about the finances and technology of photovoltaic systems. The guide will include information on financing options, do's and don'ts, sizing the system and consumer protection suggestions to assure local agencies come out ahead on these arrangements.

  - **A Local Official's Guide to Carbon Sequestration.** This guide would provide research, analysis and resources to local officials of information about the role that forests, open space and agricultural lands in play in capturing greenhouse gas emissions.

- **State Agency Partnerships.** We are in early stages of exploring working relationships with several new state agencies interested in reaching counties and cities in new ways. These include the State Office of Planning and Research, the State Department of Public Health, California Energy Commission, the Resources Agency, Caltrans, and the California Department of Forestry and Fire Protection. The goal is to complement CSAC's and the League's existing lines of communication and collaboration with these agencies, thereby deepening these agencies' understanding of local agency official needs and concerns. We are keeping in close touch with CSAC and League staff as we pursue these relationships.

CALIFORNIA STATE ASSOCIATION OF COUNTIES
FINANCE CORPORATION

May 12, 2009

To: CSAC Board of Directors

From: Tom Sweet, Executive Director, CSAC Finance Corporation

RE: **Finance Corporation Program Update**
INFORMATION ITEM

The following are highlights of the numerous programs that the CSAC Finance Corporation offers to your counties:

CalTRUST

- CalTRUST currently has 70 participants and current assets exceed $615 million.

California Communities

- The new AB 811 Renewable Energy Program is moving forward. The new program provides two approaches for financing renewable energy projects. One program's approach involves funding initial loans through a temporary line of credit, with the intent to take out those loans at a later date via a bond issue once sufficient volume is attained. The second program would seek to provide direct lending from a large commercial bank for the energy efficiency upgrades and solar projects, without the intent of issuing bonds to take out those loans.
- Rating agency and investor presentations were recently conducted for the TRANs (short-term cash-flow borrowing) pool. The pool size is estimated to be approximately $850 million.
- CSAC has continued to develop a proposal to provide for federal guarantee of the letter of credit needed to enhance the credit rating of the TRANs pool. The California delegation to the House of Representatives is sending a letter to House Financial Services Committee Chairman Barney Frank supporting such an approach and asking Chairman Frank to set up a meeting with Treasury Secretary Tim Geithner. Simultaneously, the Department of the Treasury is preparing recommendations for the Secretary regarding municipal financing issues, including CSAC's proposal for a TARP guarantee of the letter of credit. Both the Treasury report and letter should be completed by May 15.

U.S. Communities

- Office Depot has enhanced their services by simplifying their pricing structure and now offering print services through a U.S. Communities contract.
- The new U.S. Communities Technology Products/Equipment and Technology Services /Solutions contract is available effective May 1st, 2009. The contract was awarded to three technology providers; Tech Depot, GTSI, and Insight Public Sector.

Nationwide Retirement Solutions

- Nationwide Retirement Solutions is extending their call-center hours in response to the uncertainty of the investment markets and other economic factors concerning workers trying to prepare for retirement. Effective May 18, 2009, Nationwide's call centers will remain open until 8 p.m., Monday through Friday.

General Information

- The CSAC Finance Corporation and California Communities are offering 4 full tuition scholarships to the Berkeley Executive Seminar. Scholarships are offered to CAOs and other county staff. Please contact Laura Labanieh for more information.
- We are continuing to meet with individual counties and their department heads to present our programs and benefits. Please let us know if you would like a meeting set with your county's department heads.

If you have any questions regarding these or any other CSAC Finance Corporation programs please do not hesitate to contact us via phone, 916.327.7500 x556, or via email, tsweet@counties.org; Laura Labanieh at 916.327.7500 x536 or llabanieh@counties.org; Laura Li at 916.327.7500 x560 or lli@counties.org.

CSAC CALIFORNIA Counties CORPORATE ASSOCIATES PROGRAM

Memorandum

May 13, 2009

To: CSAC Board of Directors

From: Paul McIntosh, CSAC Executive Director
Lindsay Pangburn, CSAC Corporate Relations Manager

Re: Corporate Associates Program Updates
INFORMATION ITEM

Following please find updates on the CSAC Corporate Associates program activities so far this year:

- Membership and sponsorship solicitation efforts for 2009 remain underway, with current efforts geared towards California events at the NACo Annual Meeting in Nashville this July.

- The program has gained five new members so far this year, including two at the new Small Business level:
  - HDR / CUH2A
  - ShoreTel, Inc.
  - Potrero Hills Landfill (Solano County)
  - Consult 180 Solutions
  - EHIM / ELECT Rx

- The Exhibit Hall for the CSAC 2009 Annual Meeting in Monterey County is approximately 50 percent committed.

- We are continuing to distribute regular communications to all Corporate Associates members, including a monthly e-newsletter and the Executive Director's Watch.

If you have any questions about the Corporate Associates program, please feel free to contact Lindsay Pangburn, at (916) 327-7500 ext. 528, or lpangburn@counties.org.

County Counsels' Association of California

MEMORANDUM

To: **Supervisor Gary Wyatt, President, and Members of the CSAC Board of Directors**

From: **Jennifer Henning, Litigation Coordinator**

Date: **May 28, 2009**

Re: **Litigation Coordination Program Update**

This memorandum will provide you with information on the Litigation Coordination Program's activities since your last meeting in March. If you have questions about any of these cases, please do not hesitate to contact me.

I. New Amicus Case Activity Since March, 2009

Building Industry Association of Central California v. City of Patterson 171 Cal.App.4th 886 (5th Dist. Jan. 30, 2009)(F054785), *ordered published* (Mar. 2, 2009), *request for depublication pending* (filed Mar. 27, 2009)(S171536)

A developer obtained a development agreement and tentative subdivision maps for the construction of two residential subdivisions. The affordable housing fee for development at the time was $734 per house. About three years later, City increased this fee to $20,946 per house and sought to apply the increased fee to Developer's two residential projects. Developer sued, claiming that the increased fee violated its vested property rights and its contractual rights under the development agreement. The developer also argued the fee increase amounted to a special tax without voter approval. The trial court found that the increased in-lieu fee was permitted under the development agreement and the amount of the increase was reasonably justified. The Fifth District reversed, concluding that the fee increase was not reasonably justified under the development agreement. CSAC has filed a letter requesting depublication. The request is pending.

Greene v. Marin County Flood Control and Water Conservation District
171 Cal.App.4th 1458 (1st Dist. Mar. 11, 2009)(A120228), *petition for review pending* (filed Apr. 20, 2009)(S172199)

A county flood control and water conservation district held a Prop. 218 election on whether to impose a new storm drainage fee. In the district's election, voters' names and addresses were printed on the ballots and voters were directed to sign their ballots. The fee was approved. However, a voter contested the election, claiming the election procedures violated the voting secrecy requirement of article II, section 7 of the California Constitution. The superior court denied the election contest. The First District reversed, holding that in approving article XIII D, section 6, subdivision (c) of the California Constitution, the voters intended the fee elections to be secret. The court set aside the district's election results because voters' names were printed on the ballots and ballots had to be signed, yet voters were provided no assurances that their votes would be kept secret. The district has petitioned for Supreme Court review, and CSAC has filed a letter in support.

International Society for Krishna Consciousness of California v. City of Los Angeles
530 F.3d 768 (9th Cir. June 9, 2008)(01-56579), Question Certified to California Supreme Court (Aug. 13, 2008)(S164272)

Plaintiff challenged in federal court an LAX airport regulation barring the solicitation and immediate receipt of funds within LAX under the free speech clause of the California Constitution. The central issues are whether the airport should be considered a public forum and what level of scrutiny should be given regulations that affect speech on such public property. In order to resolve the case, the federal appellate court certified to the California Supreme Court, and the Court agreed to hear, the following questions: 1) Is Los Angeles International Airport a public forum under the Liberty of Speech Clause of the California Constitution? 2) If so, does the ordinance at issue violate the California Constitution? This case has impacts beyond airports. It is likely that the decision will include the California Supreme Court's first analysis of the test and standards that courts must apply in determining whether and to what extent the California Constitution protects speech on government property that is neither a traditional public forum nor a designated public forum. CSAC has filed a brief in support of the city.

Las Lomas Land Company v. City of Los Angeles
Pending in the Second District Court of Appeal (filed Jan. 16, 2009)(B213637)

The city began environmental review of incorporation of a 555-acre parcel for purposes of a mixed use development. After several years, but before the EIR was completed, the city made a policy decision to reject the project and not to annex

the parcel. The developer sued, alleging that the City was prohibited from rejecting the project until it completed the EIR. The trial court ruled in favor of the city, and the developer has appealed. The primary issue on appeal is the application of Public Resources Code section 21080(b)(5), which provides that CEQA does not apply to projects that are rejected or disapproved. Las Lomas argues that this "project approval" exemption only applies at the beginning of the environmental review process, and that once the agency begins preparation of an EIR, it cannot not reject the project until the EIR is completed. CSAC will file a brief in support of the city. There is no policy or legal reason to require a public agency to complete an EIR for a project it has already decided to reject. To require agencies to do so would be a waste of public resources with no public benefit.

Mead v. City of Cotati
Pending in the Ninth Circuit Court of Appeals (filed Jan. 6, 2009)(09-15005)

Plaintiff sought to develop four duplexes on 0.9 acres. He challenged as unconstitutional takings two conditions imposed by the city: (1) the city's affordable housing requirement (on-site or off-site affordable housing or land, or a fee in-lieu); and (2) one acre of land dedicated for every tiger salamander breeding ground acre developed (per California Fish and Game interim mitigation guidelines). The district court dismissed. The court rejected the city's argument that because plaintiff had not appealed the conditions to the city council, he could not bring this action in district court. However, the court ultimately dismissed the action, concluding the case was not ripe because "a taking is not unconstitutional unless it is uncompensated, and [plaintiff] has not yet sought compensation." The court concluded this rule applies even though plaintiff was only seeking declaratory and injunctive relief. Plaintiff has appealed to the Ninth Circuit. CSAC will file a brief in support of the city.

County of Santa Clara v. Superior Court (Naymark)
171 Cal.App.4th 119 (6th Dist. Feb. 17, 2009)(H031740), *petition for review pending* (filed Mar. 27, 2009)(S171566)

This case arose as a result of CalAware's 2007 audit of law enforcement agencies. The audit concluded that many agencies were not following the Public Records Act. Even though plaintiffs had never requested any public records, based on the results of the audit they brought a taxpayer action against the law enforcement agencies of six cities, Santa Clara County and the State (California Highway Patrol), seeking a declaration that the policies and practices of the defendants violated the PRA and were an illegal expenditure of public funds. The trial court found the taxpayer action was permitted, rejecting the public agencies' argument that Government Code sections 6258 and 6259 are the exclusive procedures for a member of the public to litigate the disclosure obligation of a public agency with regard to a particular record or records. The Sixth Appellate District affirmed,

holding plaintiffs could bring this taxpayer action under Code of Civil Procedure section 526a without showing they actually made any Public Record Act requests. The public agencies have sought Supreme Court review, and CSAC has filed a letter in support.

Priceline.com, Inc. v. City of Anaheim
Pending in the Fourth Appellate District, Division Three (filed Dec. 12, 2008)(G041338)

The city initiated administrative proceedings to collect unpaid Transient Occupancy Taxes from several online travel companies (OTC). The city entered into a contingency fee agreement with outside counsel to handle the tax collection proceeding. The OTCs argue the city may not employ contingent fee counsel in a tax-collection proceeding. The trial court disagreed and the OTCs have appealed. CSAC will file a brief in support of the city.

Quon v. Arch Wireless Operating Co.
529 F.3d 892 (9th Cir. June 18, 2008)(07-55282), *petition for rehearing en banc denied* (Jan. 27, 2009), *petition for certiorari to be filed*

Plaintiff, a City of Ontario police officer, challenged the city's review his text messages on a city-owned pager after he repeatedly went over his word limit. The employee had read and agreed to a city policy, which while not specific to text message pagers, did specify that computers and e-mail were not to be used for personal business and were subject to monitoring. But the police department also had an informal policy that the text messages would not be audited if the employee paid for any overages. A panel of the federal Ninth Circuit Court of Appeal found that the city's action of reading plaintiff's text messages violated his Fourth Amendment rights. The court also found that even if the messages were public records subject to disclosure under the Public Records Act, the Act does not diminish an employee's reasonable expectation of privacy. The full Ninth Circuit Court narrowly rejected rehearing the case, and the city plans a petition for certiorari to the U.S. Supreme Court. CSAC will file a brief in support of the city.

II. Amicus Cases Decided Since March, 2009

County of Sacramento v. State of California
Sacramento County Superior Court (34-2009-80000164-CU-WM-GDS)
Outcome: Neutral

Sacramento County sued the State Controller, State Treasurer, Director of Finance, and Director of the Department of Social Services alleging that the Controller's deferral of funds appropriated by the Legislature to the counties for federally and state-mandated public assistance programs is unlawful. The complaint alleged the Controller is mandated to make advance payments from state and federal funds to counties for the public assistance programs. It sought a writ of mandate ordering the Controller to release the

funds, including administrative costs, and declaratory relief stating that the Controller does not have the authority to defer payments, that counties are not required to backfill the deferred payments, but if they do they are entitled to interest, and that counties can offset the deferred payments with money owed to the State. Thirty-one counties filed a complaint in intervention to join the lawsuit. The Western Center on Law and Poverty also filed an action (*Ballina v. Chaing*, Case No. 34-2009-80000175-CU-WM-GDS), which was consolidated with Sacramento County's lawsuit. The WCLP complaint made similar allegations against the State, but also alleged that counties have an obligation to backfill for any deferred payments. A hearing on the consolidated cases was held on March 10. The court concluded the case was moot based on a declaration from the Controller's office that the deferral program had ended and it was not likely to reoccur. After confirming that all deferred payments had been received by the participating counties, an order dismissing the case was entered on April 23. The Litigation Program helped coordinate this action.

County of Sonoma v. Superior Court (Sonoma County Law Enforcement Assoc.)
--- Cal.App.4th ---, 2009 Cal.App.LEXIS 620 (Apr. 24, 2009)(A122450)
Outcome: Positive

In the first appellate decision on the issue, the First Appellate District has found that SB 440, requiring interest arbitration after impasse with public safety unions, violates the California Constitution. In the case, Sonoma County and its law enforcement union reached an impasse in the negotiation of its MOU. After impasse mediation was unsuccessful, the union requested arbitration under CCP § 1299 (SB 440). The county denied the request and this action was filed. The trial court determined that SB 440 is not facially unconstitutional and the county filed a writ petition. The First District granted the writ, concluding SB 440 intrudes upon the County's constitutional authority to establish compensation and terms of employment for county employees. The court noted that compensation of county employees is a local, not statewide, concern. And while the Legislature can impose procedures regarding labor relations, in cannot impose substantive requirements that interfere with the county's ultimate right to set compensation. The court concluded that SB 440 was substantive in that interest arbitration may "push the arbitrator into the realm of social planning and fiscal policy," requiring the county to make subsequent cuts or seek to raise taxes to fund the interest arbitration award. In other words, it "affects matters ordinarily falling within the legislative powers of a county board of supervisors. The fixing of the salaries of county employees is unquestionably a legislative function." The ability to reject the arbitrator's award by unanimous vote does not save SB 440; it merely places the ability to make decisions with a minority of the Board in violation of the constitution's requirement that such decisions be made by the "governing body." The court concluded the term governing body, as supported by 100 years of common law, means a majority of the Board. CSAC filed a brief in support of Sonoma County.

Vargas v. City of Salinas
46 Cal.4th 1 (Apr. 20, 2009)(S140911), *petition for rehearing pending* (filed May 5, 2009)
Outcome: Mixed

Plaintiffs are proponents of a ballot measure (Measure O), which would have eliminated the city's utilities users tax, resulting in an $8 million hit to the city's general fund. The city conducted budgetary studies examining how the loss of funds would impact city services. The result of those studies were distributed to the city's residents via the city's website, a city newsletter mailed to residents, and a one-page fact sheet that was made available at the city clerk's office. Plaintiffs sued the city alleging it improperly used public money for campaign materials to influence voters against Measure O. The city filed a special motion to strike the complaint (anti-SLAPP), which the trial court granted and the Sixth District affirmed. The court used a bright line standard, finding the city's conduct did not amount to express advocacy and was therefore permissible. The California Supreme Court granted review and affirmed under a different standard. The court rejected the express advocacy standard used by the Sixth District and used instead the more fact-based, analytical approach under its earlier decisions that emphasize such things as the "style, tenor and timing" of communications to determine when public agency ballot measure materials and activities step over the line. Under these facts, the Court found the city's actions were permissible, as the city was "simply informing the public of its opinion on the merits of a pending ballot measure or of the impact on the entity that passage or defeat of the measure is likely to have." CSAC filed an amicus brief in support of the city