

CALIFORNIA STATE ASSOCIATION OF COUNTIES
EXECUTIVE COMMITTEE

August 20, 2009
Marina Del Rey, Los Angeles County

M I N U T E S

Presiding: Gary Wyatt, President

1. ROLL CALL

Gary Wyatt, President
Tony Oliveira, 1st Vice President – via audio
John Tavaglione, 2nd Vice President
Richard Gordon, Immed. Past President – via audio
Roger Dickinson, Sacramento – via audio
Federal Glover, Contra Costa
Don Knabe, Los Angeles
Liz Kniss, Santa Clara
Paul Biane, San Bernardino (alternate)
Susan Adams, Marin – via audio
Phil Cox, Tulare – via audio
Mike McGowan, Yolo (alternate)
Merita Callaway, Calaveras – via audio
Robert Williams, Tehama – via audio
Joni Gray, CSAC Treasurer
Steven Woodside, Sonoma County Counsel

2. APPROVAL OF MINUTES

The minutes of April 23, 2009 were approved as previously mailed.

3. PRESENTATION BY LOS ANGELES COUNTY

Supervisor Don Knabe provided welcoming remarks and introduced Jenny Serrano from the Los Angeles County Executive Office. Ms. Serrano outlined the **10,000 Jobs Initiative**, a highly successful program developed as a result of the Governor's proposal to eliminate the CalWORKS program. The program is funded by federal Temporary Assistance for Needy Family (TANF) and Workforce Investment Act funds.

The Transitional Subsidized Employment Program offers an 80% subsidy to participating employers. Workers are available countywide to public, private and nonprofit businesses at little or no cost for up to one year. The Summer Youth Employment Program offers work experience opportunities to low-income youth, and the Adult and Dislocated Workers Program offers occupational training with classroom and work-based on-the-job training programs.

More than 3,200 youth have been placed in summer Youth Employment and nearly 1,200 Transitional Subsidized Employment positions have been filled

since the program was launched in May of this year. For more information on the program, visit www.employmentstimulus.org.

4. CCS PARTNERSHIP SUMMIT ON LOCAL GOVERNANCE REFORM: NEXT STEPS

Supervisor Rich Gordon, Chair of the CCS Partnership Joint Task Force on Fiscal Reform, outlined the history and work of the task force. It was formed last year and is comprised of representatives from CSAC, the League of Cities and the California School Boards Association. The task force primarily focused on developing fiscal reform principles which were adopted by the CSAC Board of Directors in May.

The CCS Partnership sponsored a two-day summit in July to bring together local county, city, and school district leaders to discuss the current structural problems and reform options related to the state budget and develop ideas for possible solutions. Over 500 local leaders attended the summit. The four top priorities that emerged from the summit were: 1) Protect local revenue, 2) Reform term limits, 3) Approve local taxes with less than a 2/3 vote, and 4) Require new funding sources for statewide ballot measures that impose new obligations. The CCS Partnership is in the process of developing a “took kit” that can be used to convene similar summits at the local level. It is expected to be available on the CCS Partnership website in about two weeks.

Staff presented a proposed reform plan from *California Forward*, a bipartisan group that is in the process of developing language for potential ballot initiatives to go before voters in November 2010. Elements contained in the reform plan include:

1. Pay-As-You-Go. Require that new programs identify a funding source for any new spending they require.

2. Base Budgets on Results. Require the Governor and lawmakers to set clear goals for programs, measure their results and effectiveness when making budget decisions, monitor performance to improve efficiency, and consider eliminating outdated and duplicative programs.

3. Two-year Budget. Require the Governor and Legislature to craft two-year budgets with midcourse correction authority, and provide long-term revenue forecasts and capital investment plans.

4. One-Time Use of One-Time Revenues. Reduce future budget shortfalls by prohibiting the use of unexpected spikes in revenues to increase spending on programs that continue year after year.

5. Reduce the Budget Vote Requirement. Reduce the likelihood of budget stalemates by changing the legislative vote requirement for state budget approval to a simple majority (to be adopted in conjunction with the plan’s other fiscal reforms, and while retaining the two-thirds majority vote requirement for tax increases).

6. Provide Certainty Regarding Passage of Fees. Clarify the circumstances in which the Legislature and the Governor can impose fees without a two-thirds majority vote to those areas with a clear and justifiable nexus to the service provided.

7. Protect Local Revenue. Give communities more control over community-related services and prevent the state from siphoning off local revenue by giving local governments legal ownership of specific funds for community services.

8. Remove Barriers to Local Government Coordination. Encourage community-level governments to coordinate; consolidate districts when this makes sense; and if there is agreement, to reallocate local property taxes to match contemporary priorities and to improve efficiency and results.

9. Foster and Fund Long-Term Regional Collaboration. Allow cities, counties and school officials who craft long-term flexible plans to address community needs, to seek majority-vote approval to provide funds to pay for them, while retaining the vote thresholds established under Proposition 218.

10. Term Limit Reform. Reducing the total time newly-elected state legislators are allowed to serve from 14 years to 12 years, regardless of whether the time is spent in the Assembly or Senate.

11. Constituent Access and Accountability. Requiring legislators to spend part of every year in their district, in consultation with constituents and local leaders.

Some Executive Committee members raised concerns regarding item #8, "Remove Barriers to Local Government Coordination," specifically as it relates to reallocating local property taxes.

After a lengthy discussion, the consensus on next steps was as follows: convene the CSAC Budget Reform Task Force immediately to look at the *California Forward* reform plan as well as other potential initiatives and also develop a strategy for the 2010-11 State Budget; schedule time during the October Executive Committee retreat for a more in-depth discussion on reform issues; urge all counties to hold local summits; and direct staff to work with *California Forward* in drafting initiative language.

5. STATE BUDGET STRATEGY DISCUSSION/LEGISLATIVE REPORT

Paul McIntosh outlined a letter he received from the League of Cities inviting CSAC to participate in phase one of a possible campaign for a ballot measure to protect local government revenues. The measure would seek to prohibit the diversion of local government transportation (including transit) and local property tax dollars to fund general state services.

The League of Cities has requested that CSAC contribute \$25,000 for Phase 1, which is to assess the feasibility of the proposal and draft it.

Motion and second to approve contributing up to \$25,000 for participation in Phase 1 of the League's potential ballot initiative. Motion carried (1 opposed/1 abstained).

Staff provided an overview of the recently signed 2009-10 State Budget, which included significant reductions to health and human services programs, elimination of Williamson Act funding, and additional funding reductions to numerous other state departments. CSAC's advocacy efforts were focused on three significant provisions of the budget package: the suspension of Proposition 1A (2004); a proposal to allow redevelopment agencies to voluntarily extend their effectiveness dates and offer 10% of the resulting tax increment revenues to the state; and the two-year, \$1.7 billion take of local Highway Users Tax (HUTA) revenues. Two of those items, the HUTA take and the redevelopment extension proposal, were not included in the final budget package sent to the Governor.

During the next month, CSAC will be working on clean-up legislation to allow for a timely and efficient marketing and selling of Proposition 1A securitization bonds, as well as efforts to restore some of the line-item veto reductions to health and human services programs. The Legislature will also be focused on resolving Delta water issues and addressing reforms to the corrections system to achieve budget savings and address a federal court directive to reduce state prison overcrowding. Staff distributed a letter that was sent to the Legislature from CSAC and other affected county associations expressing concerns with the corrections cost-savings package, primarily the alternative custody option and proposal to release elderly and medically infirm prisoners.

Staff also distributed a list of "suspended mandates," compiled by the State Department of Finance. The list contains the 51 state-mandated county programs that have been suspended by the Legislature for fiscal year 2009-10. The state will not reimburse counties for their share of the program costs during this period.

Staff was directed to include a state budget strategy item on the September 10 Board of Directors agenda in order to continue this discussion with the full Board. Once the CSAC Budget Reform Task Force completes its work, specific recommendations will be brought back to the Board of Directors in November.

6. CSAC AGRICULTURE & NATURAL RESOURCES POLICY COMMITTEE REPORT

The CSAC Agriculture & Natural Resources policy committee met recently to consider a Williamson Act contract non-renewal proposal. This proposal would provide local governments with the ability to accelerate gradual re-inflation upon non-renewal of a contract immediately, as opposed to waiting four years in the event of a landowner protest. Currently, when a Williamson Act contract is non-renewed, the property taxes gradually re-inflate from their Williamson Act value to their unrestricted value. Following the Governor's action to eliminate Williamson Act subventions from this year's State Budget, CSAC received inquiries from counties regarding the handling of existing Williamson Act contracts, and this option surfaced.

The policy committee took action **not** to pursue the proposed statutory change. Committee members were reluctant to support the proposal because it was

thought that this would facilitate non-renewal and potentially reduce the pressure to restore funding for the Williamson Act program.

The Executive Committee did not take action on this item and requested it be placed on the September 10 Board of Directors agenda for consideration.

7. APPOINTMENT OF NEW MEMBERS TO CSAC AUDIT COMMITTEE

Each year CSAC has an audit conducted by an independent auditor which is then reported directly to the CSAC Audit Committee, as required by law. In the 2008/09 fiscal year, the Audit Committee consisted of: Marin County Auditor Richard Arrow, and Supervisors Tony Oliveira and John Tavaglione. Richard Arrow has since retired so staff recommended that Supervisor Joni Gray, CSAC Treasurer, be appointed to the committee. Supervisor Tony Oliveira would serve as chair.

Motion and second to approve appointments to CSAC Audit Committee.
Motion carried unanimously.

8. NATIONAL ASSOCIATION OF COUNTIES (NACo) REPORT

NACo recently amended its Bylaws following recommendations from the NACo Task Force on Governance and Structure, chaired by Supervisor Greg Cox. Those amendments were contained in the briefing materials. Due to time constraints, the report was not presented during the Executive Committee meeting.

9. FEDERAL LEGISLATIVE REPORT

A status report on CSAC's 2009 Federal Legislative Priorities was contained in the briefing materials. Due to time constraints, the report was not presented during the meeting.

10. CSAC INSTITUTE FOR EXCELLENCE IN COUNTY GOVERNMENT

An update on CSAC's Institute for Excellence in County Government was contained in the briefing materials. Due to time constraints, the report was not presented during the meeting.

11. OTHER ITEMS

Reports on the CSAC Finance Corporation, Corporate Associates, and Litigation Coordination Program were contained in the briefing materials for information purposes only. No presentations were planned.

Meeting adjourned.