

CALIFORNIA STATE ASSOCIATION OF COUNTIES
EXECUTIVE COMMITTEE

January 15, 2004
CSAC Conference Facility, Sacramento

MINUTES

Presiding: Paul Stein, President

I. ROLL CALL

Paul Stein, President	Gayle Uilkema, Contra Costa
Greg Cox, 1 st Vice President	Valerie Brown, Sonoma
Connie Conway, 2 nd Vice President	Barbara Kondylis, Solano
Tim Smith, Immed. Past President	Gary Wyatt, Imperial
James Beall, Santa Clara	Mike McGowan, Yolo, alternate
Richard Gordon, San Mateo	Tony Oliveira, Kings
John Tavaglione, Riverside	Joan Smith, Siskiyou
	Bill Dennison, Plumas, alternate

II. APPROVAL OF MINUTES

The minutes of September 25-26, 2003 were approved as previously mailed.

III. REPORT ON GOVERNOR'S BUDGET FOR 2004-05

Stephen Kessler, Deputy Director of the Department of Finance, presented an overview of the Governor's proposed budget for 2004-05. He noted that according to an independent audit of state government finances, state revenues have increased by 25% over the past five years while expenditures have risen by 43%. Mr. Kessler outlined an economic recovery plan being proposed by the Governor which consists of: an Economic Recovery Bond Act to refinance a portion of the debt; a budget that moves toward structural balance; a Constitutional amendment to require balanced budgets with prudent reserves in the future; and improving the business and jobs climate in order to revitalize the state's economy. A chart prepared by the Governor titled "No Bond, Big Fall" was distributed which demonstrates how much more money will be needed to fill the budget gap if the deficit bond does not pass.

Several Executive Committee members expressed concern regarding the Governor's proposal to shift \$1.3 billion in local property tax revenues to the Educational Revenue Augmentation Fund (ERAF) because of the negative impact on local programs and services. Mr. Kessler indicated that the Department of Finance is open to working with local governments to find alternatives to the property tax shift currently being proposed.

Supervisor Uilkema presented a strategic response to the Governor's budget proposal which was recently discussed by the Contra Costa County Board of Supervisors and asked for consideration by CSAC. The response contains: a policy of "no general purpose revenue reductions";

support for the Governor's deficit bond; request for an economic impact analysis; and continuing support for structural reform.

A strategy discussion ensued which resulted in the following action:

Motion and second to oppose permanent reduction of local general purpose revenue such as the local to state property tax shift (ERAF), remain committed to structural reform, and express concern about long-term consequences of permanent reductions. For these reasons the Executive Committee is considering taking an Oppose position on the Governor's deficit bond initiative. Motion carried unanimously.

Staff was directed to draft a letter to the Governor which contains the points mentioned in the above action.

The Executive Committee also established a CSAC State Budget Working Group consisting of: Executive Committee members; CSAC Policy Committee chairs; CAOAC Policy Committee chairs and Officers; and representatives from the County Counsel Cost Shift Committee. The working group will meet regularly to provide policy direction on state budget related issues.

IV. ELECTION OF CSAC TREASURER, NACo BOARD OF DIRECTORS AND WIR REPRESENTATIVES

The CSAC Officers recommended the following appointments: Valerie Brown as CSAC Treasurer; Gary Freeman and Helen Thomson as NACo Board of Directors representatives; and Gary Gilbert as NACo Western Interstate Region (WIR) representative. The Regional Council of Rural Counties (RCRC) will determine the second WIR representative.

Motion and second to accept all officer recommendations for the positions of CSAC Treasurer, NACo Board of Directors and WIR representative. Motion carried unanimously.

V. APPOINTMENT OF CSAC POLICY COMMITTEE CHAIRS AND VICE CHAIRS FOR 2004

The Officers recommended the following appointments to CSAC policy committees:

Administration of Justice

David Solaro, El Dorado, Chair

John Silva, Solano, Vice Chair

Agriculture and Natural Resources

Curt Josiassen, Butte, Chair

Judy Case, Fresno, Vice Chair

Economic Development

Keith Carson, Alameda, Chair

Gary Freeman, Glenn, Vice Chair

Government Finance & Operations

Kathy Long, Ventura, Chair

Mike McGowan, Yolo, Vice Chair

Health & Human Services

Helen Thomson, Yolo, Chair

Barbara Kondylis, Solano, Vice Chair

Housing, Land Use and Transportation

Frank Bigelow, Madera, Chair

Richard Vinson, Amador, Vice Chair

Motion and second to approve policy committee chairs and vice chairs for 2004. Motion carried unanimously.

VI. STATE AND FEDERAL LEGISLATIVE PRIORITIES FOR 2004

Staff presented the draft legislative priorities contained in the briefing materials which had been previously considered by the CSAC officers. Supervisor Dennison requested that "*implementation of the Healthy Forests Initiative*" be added to the list of federal priorities under the "CSAC Internal Monitoring" section.

Motion and second to approve the CSAC State and Federal Legislative Priorities for 2004 as amended. Motion carried unanimously.

VII. PROPOSITION 55: SCHOOL CONSTRUCTION AND MODERNIZATION ACT

The Executive Committee decided to defer this item until the February 5, 2004 Board of Directors meeting.

VIII. STATUS REPORT ON LOCAL TAXPAYERS AND PUBLIC SAFETY INITIATIVE

Staff presented a progress report on the *Local Taxpayers and Public Safety* initiative. Three slightly different versions were filed with the Attorney General. A draft Title and Summary was contained in the briefing materials which includes a potentially unfavorable fiscal impact analysis by the Legislative Analyst. However, the campaign attorneys are working with the Legislative Analyst to revise the analysis before it is finalized. A Campaign Committee has been formed consisting of representatives from CSAC, the League of Cities and the Special Districts Association. A statewide fundraiser has been hired as well as campaign consultants. Staff also distributed results from polling done during the past week on the draft Title and Summary, which indicated approximately 30% of respondents in favor of the measure.

Staff distributed and reviewed a fact sheet on the *California Home Rule Amendment*, which is a proposed initiative for the November 2004 ballot. The purpose, as stated in the summary, is "to provide constitutional protection to the important principle of Home Rule by strengthening the ability of local governments to manage their finances without state interference." The proposed measure includes a sales/property tax swap,

and mandate protection. Staff will provide a statue report on this measure at the February 5 Board of Directors meeting.

IX. PARTNERSHIP REPORTS

Corporate Associates. Mike Graves announced that Sempra Energy would be sponsoring a community forum on March 5, to discuss impacts of the proposed state budget on counties.

California Institute for County Government (CICG). The CICG is currently conducting a comprehensive study on the use of hospital emergency rooms for routine health care that should be completed soon. The digital clipping service continues to grow.

CCS Partnership. The CCS (cities, counties, schools) Partnership is in transition with a recruitment underway for a new director. Two finalists will be interviewed by the CCS Partnership Board of Directors on January 21.

X. CSAC FINANCE CORPORATION REPORT

Supervisor Greg Cox, a member of the CSAC Finance Corporation Board of Directors, presented a summary of programs offered through the CSAC Finance Corporation. **CalTrust** is a pooled investment trust that provides short, medium and long-term fixed income investment opportunities for California governmental entities. **US Communities Government Purchasing Alliance** aggregates the purchasing power of cities, counties, schools and other government entities nationwide to achieve substantial discounts on products through competitively bid contracts. Existing contracts include office furniture and supplies, industrial supplies, janitorial supplies and flooring. Among the new products that will soon be offered are copiers, school furniture and computers. This purchasing program achieved sales of \$348 million last fiscal year.

XI. ORIENTATION FOR NEW MEMBERS

An Executive Committee Information Booklet was distributed to all members containing contact information of Executive Committee members, policy committees, CSAC staff, CSAC programs and services and affiliate members, as well as a calendar of events. Steve Szalay will be visiting new members in their counties to discuss CSAC issues.

XII. MISCELLANEOUS

The Executive Committee was asked to approve a resolution authorizing a corporate officer to sign loan documents so that CSAC can complete the loan package for financing on the Ransohoff building.

Motion and second to approve resolution authorizing a CSAC corporate officer to sign Ransohoff building loan documents.
Motion carried unanimously.

Meeting adjourned.