

CALIFORNIA STATE ASSOCIATION OF COUNTIES  
EXECUTIVE COMMITTEE

October 6, 2011  
Lodge at Torrey Pines, La Jolla, San Diego County

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MINUTES

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Presiding: John Tavaglione, President

1. DISCUSSION WITH FINANCE CORPORATION BOARD MEMBERS

Supervisor Greg Cox, President of the CSAC Finance Corporation, provided an historical overview of the corporation. It was formed in 1986 to provide municipal finance services to counties. The Corporation is governed by a ten-member Board. Current Board members are as follows:

- Mark Saladino, Vice President, Los Angeles County Treasurer-Tax Collector
- Les Brown, Treasurer, former CSAC President
- Joni Gray, Santa Barbara County Supervisor
- Michael Johnson, former Solano County Administrator
- Steve Juarez, UC State Governmental Relations
- Paul McIntosh, CSAC Executive Director
- Susan Muranishi, Alameda County Administrative Officer
- Patrick O'Connell, Alameda County Auditor/Controller
- Larry Spikes, Kings County Administrative Officer

In 1987, CSAC and the League of California Cities created a Joint Powers Authority (JPA) of counties and cities . the *California Statewide Communities Development Authority (CSCDA)* . to issue bonds and provide a broader range of financial products and services to local governments.

Mark Saladino outlined the revenue history, as contained in the briefing materials, which demonstrates the amount of money the Finance Corp. has contributed to the CSAC Budget over the past several years.

Les Brown reviewed the revenue history, as contained in the briefing materials, which reflects the amount of revenue received from each of the products and services provided by the CSCDA. He encouraged Executive Committee members to utilize the pooled purchasing programs offered by CSCDA as they provide a substantial discount on many items routinely utilized by counties.

State Treasurer Bill Lockyer requested that the Joint Legislative Audit Committee (JLAC) undertake an audit of CSCDA. The State Treasurer has alleged that the model rewards a private company if they convince public agencies to issue bonds, through CSCDA's contract with HB Capital which manages the business affairs of CSCDA. CSAC and CSCDA had concerns that the narrow scope of the request would not accurately assess the program and encouraged JLAC to include additional

issuers. The audit was expanded to include the State Treasurer's Office conduit issuers and the Governor's Office issuers. The outcome of the audit was positive, but generated some negative press aimed at CSCDA and HB Capital, the program administrators. CSCDA will be sending out an RFP for a program administrator since HB Capital has served in that role since the program's inception.

The CSAC Finance Corp. has endorsed the NACo Deferred Compensation Program that is administered by Nationwide Retirement Solutions (NRS). This program offers county employees the opportunity to voluntarily set aside a portion of their wages, while postponing federal and state taxes, to supplement retirement income. NACo receives a fee for its endorsement and marketing of the program and shares that revenue with sponsoring state associations. Due to recent changes in federal law, CSAC would now be required to register as a municipal advisor in order to continue to receive fees through this program. NACo is looking at options to resolve this issue such as seeking changes to the rules and obtaining an exemption for state associations.

CSAC Finance Corporation staff will be meeting with Executive Committee member counties to continue to market programs.

2. ROLL CALL

John Tavaglione, President  
Mike McGowan, 1<sup>st</sup> Vice Pres.  
David Finigan, 2<sup>nd</sup> Vice Pres.  
Greg Cox, San Diego  
Liz Kniss, Santa Clara  
John Moorlach, Orange  
Kathy Long, Ventura, alternate

Valerie Brown, Sonoma  
Henry Perea, Fresno  
Joni Gray, Santa Barbara, alternate . via audio  
John Viegas, Glenn . via audio  
Terry Woodrow, Alpine

3. APPROVAL OF MINUTES

The minutes of August 11, 2011 were approved as previously mailed.

4. 2011 REALIGNMENT: CONSTITUTIONAL PROTECTIONS

Paul McIntosh announced that CSAC has retained a law firm and team of consultants with significant successful experience in ballot campaigns to assist in drafting the measure and to conduct public opinion polling.

John Fairbank presented a PowerPoint on survey results from a recent telephone poll conducted with 1,200 randomly selected California registered voters. His summary of key findings was as follows:

- Voters respond favorably to the ballot measure concept, but initial support is soft+ with only a quarter voting definitely yes.+
- Three-in-four support requiring the state to dedicate existing revenues to counties, and also prohibiting the state from redirecting these funds.
- Support increases as voters learn more about realignment, the state shifting services to the local level, and how the measure protects funding for counties.

- Voters support counties taking greater responsibility for providing certain services, but two-thirds think shifting state prisoners to county jails is a bad idea.
- The No messages about the measure's impact on education funding and the prisoner transfer issue cause voters to reconsider their willingness to support the proposed measure.
- Overall, the results indicate that proponents are well-positioned, but a successful Yes campaign will require sufficient funds to educate and communicate with voters to frame the measure effectively, and must also be able to counter organized opposition.

Brandon Castillo discussed three options and the pros and cons of each approach for achieving constitutional protections. They are as follows:

- 1) **Initiative route via signature gathering.** It is anticipated that the Governor could support and assist in the campaign. However, the cost of gathering signatures is estimated to be \$3 million. There would be additional costs of running a campaign once the measure qualifies for the ballot.
- 2) **Legislature places measure on ballot.** This option would save CSAC a considerable amount of money and potentially receive a broader base of support. It is unlikely that the Legislature could reach such an agreement.
- 3) **Coalition approach joined with revenue measure.** This option would include a broad coalition which means additional funding and limited opposition. It would likely include additional taxes and voters have indicated they would not support a measure with increased taxes.

The Executive Committee's consensus was that option #1 is preferable. A discussion ensued regarding funding that approach. Staff recommended a one-time assessment to each county in order to gain the \$3 million needed for signature gathering. It was suggested that a better approach would be to implement a 3 to 5 year phased-in dues increase to offset funds borrowed from the Finance Corporation to fund the initiative. The Finance Corp. would borrow the money from a bank in order to provide immediate campaign funding.

Staff distributed a summary of CSAC's draft constitutional amendment. Final initiative language is not yet available. It is anticipated that CSAC will file the measure with Attorney General for title and summary in mid-October. Discussions will continue with the Governor and stakeholders on legislative and alternative measures.

The Board of Directors will consider whether or not to move forward with campaign, including funding approach at the December, 2011 meeting.

##### 5. DISTINGUISHED SERVICE & PRESIDENT AWARD RECIPIENTS

Each year the Executive Committee selects a recipient for the CSAC Distinguished Service Award which is presented during the CSAC annual conference. The award is given to the person who has made the greatest contribution to the improvement of government in California, particularly as it relates to county government. For 2011, staff recommended Peter Detwiler, former consultant with the Senate Local Government Committee. Peter recently retired after nearly 30 years with the Senate

Local Government Committee and has long been known and respected as the legislative expert on many local government issues.

Motion and second to approve selection of Peter Detwiler as recipient of the 2011 CSAC Distinguished Service Award. Motion carried unanimously.

President Tavaglione announced that he plans to present the CSAC President's Award to Governor Brown.

6. CIRCLE OF SERVICE AWARD NOMINEES

The Circle of Service award was created to recognize county officials, department directors, staff, Corporate Associates and other CSAC members whose service to CSAC and counties sets them apart. Staff recommended the following nominees:

- Susan Adams, Marin County Supervisor
- Larry Combs, Merced County Executive Officer
- Mike Johnson, Retired Solano County Administrator
- Susan Mauriello, Santa Cruz County Administrative Officer
- Rick Robinson, Stanislaus County Chief Executive Officer
- Pat Leary, Yolo County Assistant County Administrator
- Donna Vaillancourt, San Mateo County Director of Human Services
- Bryan Barr, 2011 CSAC Corporate Associates President

Staff was directed to add David Finigan, Diane Cummins, Nancy McFadden, Ana Matosantos and the CSAC legislative representatives to the list of recipients. Staff was further directed to delete Susan Adams from the list.

7. REQUEST FOR AFFILIATE MEMBERSHIP

The California Mental Health Services Authority (CalMHSA) is requesting consideration to become a CSAC affiliate member. CalMHSA is an independent administrative and fiscal government agency focused on delivery of California mental health projects. This JPA was formed in July of 2009 and is in the process of administering Statewide Prevention and Early Intervention funds through a contract with the California Department of Mental Health. Current membership includes 40 counties.

Motion and second to approve request for affiliate membership from the California Mental Health Services Authority. Motion carried unanimously.

8. REVIEW OF AUDITED FINANCIAL STATEMENTS FOR FY 2010-11

Supervisor Kathy Long, CSAC Treasurer, presented the CSAC audited financial statements for FY 2010-11 as contained in the briefing materials. She noted that the vacancy rate at CSAC's Ransohoff building continues to be above normal, but that is due to the poor economy. Supervisor Long indicated that the financial statements contain no surprises.

It was noted that unfunded liabilities were not addressed in the documentation and staff was directed to gather the information and distribute to Executive Committee members.

Motion and second to approve CSAC audited financial statements for FY 2010-11. Motion carried.

9. STATUS REPORT ON CSAC PROJECTS

Paul McIntosh provided a status report on the following CSAC projects:

**County Employee Health Benefits Cooperative.** This is a project to explore the viability and feasibility of establishing a county employee health benefits cooperative, managed by CSAC, to provide an opportunity for member counties to have better control over their employee health care costs and programs. The CSAC Board of Directors previously approved moving forward with studying this program and appropriated \$125,000 for the study. AONHewitt was selected to conduct the feasibility analysis and the cost is not expected to exceed \$75,000 for this phase. It is anticipated that the study will be completed and brought to the Board of Directors for consideration in spring 2012.

**CSAC Institutional Property.** CSAC has initiated a project to register the CSAC brand as a trademark, including CA Counties, CSAC Finance Corp. and the CSAC Institute. In addition CSAC has entered into an agreement with CONSOR, a firm with significant expertise in valuing the intellectual property, or brand, of companies and corporations. The cost of this project will not exceed \$100,000. CONSOR's work will provide CSAC with factual background to negotiate endorsement fees with companies seeking CSAC's endorsement and to provide significant value-added measures to the Corporate Associates program. It is anticipated that the cost of this project will be recouped within the first year through endorsement fees and tax savings. The study will take approximately six months to complete.

**Coast 2 Coast Rx Discount Drug Program.** Subsequent to approval by the Board of Directors, CSAC has entered into an endorsement agreement and will begin assisting Coast 2 Coast in marketing the program to member counties. The agreement will provide CSAC with 40 cents for every prescription filled in California through the program. It is anticipated that CSAC will receive \$250,000 per year when the program is fully operational.

10. ACHIEVEMENT REPORT FOR 2011

Paul McIntosh presented CSAC's 2011 Achievement Report, which included state legislative achievements, federal legislative achievements and achievements in other areas of interest such as the CSAC Finance Corp., Corporate Associates program, public affairs and member services, and the CSAC Institute for Excellence in County Government. McIntosh indicated that top future challenges will be: obtaining constitutional protections for realignment; pension reform; local government fiscal reform; 2012 national and state elections, reauthorization of SAFETEA-LU; and tribal lands issues.

#### 11. CSAC COMMUNICATIONS UPDATE

Since the elimination of CSAC's magazine, CSAC has evaluated and enhanced its communications tools to take advantage of new technologies that provide information more quickly, less expensively and more effectively. Staff outlined current communication tools that CSAC utilizes. They are: *The CSAC Bulletin*, *The County Voice* (CSAC's blog), social networking, video channel, CSAC web site, CSAC Challenge Awards, and *Executive Director's Watch*. Web site viewership is up and followers on Twitter, Facebook and *The County Voice* increase weekly.

During the next year, CSAC is looking to pursue a number of short and long-term projects that will enhance overall communications effectiveness.

#### 12. FEDERAL LEGISLATIVE REPORT

Staff distributed a status report on federal legislative issues which was prepared by CSAC's Washington lobbyists Waterman & Associates. The report included updates on the following issues: Native American Affairs; Reauthorization of the Secure Rural Schools Act; Reauthorization of SAFETEA-LU; Army Corps of Engineers Levee Vegetation Removal Policy; Clean Water Act; State Criminal Alien Assistance Program; Property Assessed Clean Energy Program; and Temporary Assistance for Needy Families Reauthorization.

The Executive Committee adjourned to closed session with the CSAC Executive Director.