



August 12, 2015

San Mateo LAFCo  
455 County Center, 2nd Floor  
Redwood City, CA 94063

Dear Executive Officer:

In January of this year the Board held its biennial retreat to review our Strategic Plan and enhance it to address the organizations future needs. As the economy has picked up, there has been renewed interest in the Legislature for ways to work with and work around the LAFCo process. As we looked at our Strategic Plan we saw a need to both improve services to our members and address some long-standing issues with the infrastructure of the organization itself.

Over its 44-year existence, CALAFCO has matured from a volunteer organization to a professional educational organization that has helped the state better understand CKH and the LAFCo process. At different periods in the lifetime of the organization, the Board has looked for ways to continually evolve CALAFCO to address current circumstances and conditions.

One of the areas that the Board has been working on is how to improve the Annual Conference. An important feature of CALAFCO, the conference also presents a great deal of responsibility for host communities. In working to keep the conference in accessible locations, the conference sometimes impacts the same LAFCos time and again. In addition, as the conference has grown, managing all aspects of it has become challenging for a part time staff. The Board formed a subcommittee in January to delve into the issue of evolving the conference, and that subcommittee worked diligently over the past six months exploring the issues and generating a series of options and solutions for the Board to consider. Working over six months, the Board considered a number of changes that will enhance the conference and reduce the dependence upon member LAFCos to act as host. At our July meeting, the Board unanimously approved a number of changes in the evolution of the current annual conference model.

Those changes include the hiring of a part-time Sponsorship Coordinator who will help raise funds from organizations within the CALAFCO universe to support the conference, which will in turn help bring notable speakers and programing requested by LAFCos around the state. Further, they will help us to better brand and market ourselves as an organization. In addition to augmenting the CALAFCO staff for conferences, it is the intent of the organization to provide discounted registrations to LAFCos whose staff members can assist with registration, conference planning and support during the conference.

CALAFCO will transition away from the LAFCo volunteer "host" model currently used to a CALAFCO-hosted model beginning in 2017. With these changes we also intend to hold the conferences in three primary locations: Sacramento, Monterey and San Diego, with a rotating list of locations every fourth year. We anticipate this will allow for greater long term planning and help manage the costs of the conference. Additionally, it will relieve the burden of work for those LAFCos who volunteer to host the annual conference. In order for this all to be accomplished and after careful review of what our sister organizations charge for their annual conference, the Board unanimously approved a modest raise in the registration fee for the conference by \$95 over the next three years.

With increasing requests from the Legislature to provide input on bills and calls for consultation with the administration, CALAFCO has witnessed the strain of leading a statewide organization with a very part-time staff. We currently only pay for 24 hrs/wk for our Executive Director, but we still need representation the better part of the week to manage the growing professional demands of the organization. Juggling the aforementioned responsibilities with maintaining our relationships with our sister organizations and

# Dues Increase Summary

## WHAT'S THE ISSUE?

- ❖ Desired membership needs and expectations requires additional funding to allow CALAFCO to effectively deliver services and expanded efforts to meet expectations.
- ❖ CALAFCO's current part-time contracted staff hours are insufficient to meet the current and evolving needs and expectations.
- ❖ Dues do not fully cover the operational and staff costs of the organization (and have not for some years).
- ❖ Heavy reliance on carry-over fund balances and annual conference profit each year to balance the budget.

## HOW DID WE GET HERE?

1. Availability of volunteer staff to provide services has diminished; workload shifting to CALAFCO staff.
  - Natural evolution in a volunteer-based organization that faces ever increasing responsibilities
  - Current annual conference "host model" not as effective as it once was (not as many LAFCOs able to or wanting to act as host)
  - Legislative monitoring and participation have grown substantially and created additional workload
  - CALAFCO assuming "host" responsibilities for annual conference starting in 2017
  - Member LAFCO volunteer staff (CALAFCO Executive Officer and Deputy Executive Officers) roles have expanded and stipends have not kept pace (not increased since 2001/2002)
2. No increase in dues since 2008/2009 (except CPI increases beginning in 2012/2013)
3. Increased demand for services from member LAFCOs and stakeholders
  - Increase in requests for CALAFCO to serve on state policy workgroups (e.g. water and land use)
  - Expanding legislative agenda and efforts
  - Research (e.g. implementation of 2014 groundwater and 2015 water system consolidation legislation)
  - Website upgrades (upgrading of existing CALAFCO website, increase in online resources and addition of technical support)
  - Increasing revenue opportunities for CALAFCO through increased conference sponsorships (hiring specialized firm to assist with branding message and solicitations)

## WHAT WILL THE DUES INCREASE PROVIDE?

1. Add and expand services in the current year and beyond
  - Expand Executive Director hours from 24/wk to 32/wk (to meet expectations beyond contracted scope of work and better align compensation with hours worked)
  - Improved website and ongoing technical support for web services to ensure reliable accessibility and functionality
  - Increase external education and outreach about LAFCO
  - Add professional assistance in conference branding, marketing and increase sponsorship outreach
  - Reasonable compensation for LAFCOs who provide volunteer staff (EO and DEOs)
  - Maintaining the increased legislative effort
  - Enhanced partnerships with sister organizations to increase CALAFCO credibility and effectiveness
2. Reduce dependence upon member LAFCOs to act as conference host
  - Transfer to CALAFCO all current local LAFCO host responsibilities (effective 2017 conference)
  - Provide incentives for CALAFCO volunteers (partial conference registration compensation for LAFCOs who provide volunteer staff at conferences)

## SUMMARY

1. CALAFCO members should commit to funding professional staff at appropriate funding to ensure continued high levels of service.
2. CALAFCO members should recognize that the current service levels are not sustainable without additional funding.
3. CALAFCO members should consider that excellent service is a valuable tool for all LAFCOs and helps us fulfill our missions.

## HOW WAS THE RECOMMENDED DUES INCREASE DEVELOPED?

Board worked on various approaches over the course of the past six months

- Began discussions at biennial strategic planning retreat on January 29, 2015
- Formed two subcommittees, conducted extensive research, reported to the full Board on May 8, subcommittees did further work and considered a number of options for implementation
- Final recommendations made to full Board on July 31, receiving unanimous Board of Directors support



**Association of Local Agency Formation Commissions**  
**Board of Directors**  
Meeting for Friday, 31 July 2015  
(San Diego)  
**DRAFT MINUTES**

**Call to Order and Establish Quorum**

Chair Leopold called the meeting to order at 9:05 a.m. and a quorum was declared.

**Board Members Present:**

|   |   |
|---|---|
| John Leopold, <b>Chair</b> , County (Santa Cruz)                    | Gay Jones, <b>Secretary</b> , District (Sacramento) |
| Josh Susman, <b>Treasurer</b> , Public (Nevada) * joined 10:46 a.m. |   |
| Julie Allen, Public (Tulare)  | Cheryl Brothers, City (Orange)                      |
| James Curatalo, District (San Bernardino)                           | Larry R. Duncan, District (Butte)                   |
| Shiva Frentzen, County (El Dorado)                                  | Mary Jane Griego, County (Yuba)                     |
| Juliana Inman, City, (Napa) *                                       | Michael Kelley, County (Imperial)                   |
| William Kirby, City (Placer)  | Gerard McCallum, Public (Los Angeles)               |
| Michael McGill, District (Contra Costa) *                           | Ricky Samayoa, City (Yuba) arrived 9:13 a.m.        |

**Board Members Absent:**

Roger Welt, Public (Santa Barbara)

**Staff Present:**

|  |   |
|--|---|
| Clark Alsop, Legal Counsel, BB&K       | Marjorie Blom, CALAFCO Executive Officer (EO) |
| Kris Berry, CALAFCO Deputy EO (DEO)    | Paula de Sousa, Legal Counsel, BB&K           |
| Stephen Lucas, CALAFCO Deputy EO (DEO) | Pamela Miller, Executive Director             |
| Paul Novak, CALAFCO Deputy EO (DEO)    |   |

**Guests:**

|                                 |   |
|---------------------------------|---|
| José Henríquez, EO, El Dorado * | Kathy Rollings-McDonald, EO, San Bernardino |
|---------------------------------|---|

***\*Participated By Phone***

**CONSENT**

**1. Minutes, 8 May 2015 Board Meeting**

Director Duncan noted he participated at the 8 May 2015 Board meeting in person and not by telephone phone as indicated on the draft minutes.

*On motion of Director Duncan, seconded by Director Jones, and carried unanimously, the 8 May 2015 Board Meeting minutes were approved as amended.*

## 5. Website Services Contract

Executive Director Miller addressed issues with CALAFCO's existing website, noting the organization needs a more reliable website and improved technical support. Earlier this year CALAFCO issued a Request for Proposals (RFP) for a complete re-design of the website as well as new hosting services and on-going maintenance and technical support. Six (6) proposals were received of which three (3) were selected for interviews. Along with Director Frentzen, CALAFCO staff interviewed all three firms and selected the firm of Matson & Isom Technology Consulting as the service provider. CALAFCO Legal counsel assisted staff in the preparation of a contract. The preliminary work is scheduled to begin in August and is targeted for completion in December 2015 or January 2016. The total cost of the project is not to exceed \$15,000 (excluding tech support) and will be paid using FY 2015-2016 contingency funds. In future years, annual service and maintenance costs would be funded in the "website expenses" budget line.

Executive Director Miller recommended the Board approve the proposed contract with Matson & Isom Technology Consulting.

*On motion of Director Frentzen, seconded by Director Allen, and carried unanimously, the Board voted to approve the contract with Matson & Isom Technology Consulting for website revision, web and e-mail hosting, and annual technical service support.*

## 6. Discussion Concerning Annual Conference Model

Executive Director Miller noted the completion of two previous actions from the May 8 Board meeting, which are the hiring of additional help for the 2015 Annual Conference from Contingency funds (Marjorie Blom has been contracted for this work, with a budget not to exceed \$4,000) and the change in CALAFCO letterhead to remove all Board member names to accommodate FPPC regulations concerning solicitations in excess of \$5,000. She noted that the subcommittee (Directors Leopold, Curatalo, Susman and Brothers, as well as Pamela Miller and Stephen Lucas) met via conference call and conferred by e-mail several times since the last Board meeting, has considered multiple issues surrounding the Annual Conference, and recommends the following to the Board:

1. Shift to a CALAFCO-hosted model for the conference, beginning in 2017;
2. Adopt a four-year conference location rotation with three anchor sites (Sacramento, San Diego, and Monterey) and a fourth site randomly rotated in every four years;
3. Hire a part-time sponsorship coordinator for the 2016 Annual Conference through a one-year contract;
4. Increase conference registration rates by \$95 over a three-year period, beginning in 2016; and
5. Communicate these changes to the membership at the Annual membership meeting at the Annual Conference (September 3, 2015).

Given all of these proposed changes, the subcommittee recommended postponing consideration of adding exhibitors to the conference.

A lengthy discussion followed the staff report presentation, during which every Board member and staff present asked questions and commented. Chair Leopold stated CALAFCO is not an all-volunteer organization any longer and felt the recommended changes would build a stronger financial position for the organization. Director Curatalo voiced his support for hiring an outside sponsorship coordinator, as he has worked with such vendors in other organizations and finds their contribution to be helpful. He also expressed support for the rotation plan noting it will make it easier to promote the Conference. Director Brothers recommended a longer-term contract for the

4. *Approve communicating these changes to the membership at the 2015 annual membership meeting on September 3, 2015.*

The Board took a break at 11:19 a.m. and reconvened at 11:33 a.m.

The Board resumed discussion on the annual conference, taking up the matter of raising the conference registration rate pursuant to the subcommittee's recommendation.

Chair Leopold stated conference registration rates needed to be increased in order to cover the rising costs of holding the event. He noted the comparison in conference registration rates of various associations in the staff report and the fact that CALAFCO remains the lowest priced.

*Director Kirby made a motion to increase registration rates by \$25 in 2016, with no additional registration raises beyond 2016, and Director Duncan seconded the motion. After further discussion, Director Kirby withdrew the motion.*

Director Griego voiced her support for the increased registration rates as a preferred option to increasing CALAFCO dues for all LAFCOs.

After further discussion, the Board took the following action:

*On motion of Director Jones, seconded by Director Kelley, and carried unanimously, the Board voted to approve an increase in conference registration rates by \$95 over a three-year period beginning with the 2016 Annual Conference.*

Going back to the discussion of a sponsorship coordinator, Chair Leopold suggested the Board authorize the subcommittee and Executive Director Miller to work out key details of a contract, including establishing metrics to measure success and consideration of incentives, and requested the subcommittee move quickly so that the coordinator could start shortly after this year's conference. It was also suggested the contract be brought back to the full Board to be ratified.

Director Griego suggested staff invite potential vendors for the sponsorship coordinator to the 2015 annual conference in Sacramento.

*On motion of Director Frentzen, seconded by Director Duncan, and carried unanimously, the Board voted to approve the hiring of a part-time sponsorship coordinator for the 2016 Annual Conference, and to authorize the subcommittee to work out the details of the selection and the contract.*

## 7. CALAFCO Staffing

Executive Director Miller presented the lengthy staff reporting, noting there are a number of matters contained within the Executive Committee's recommendation. Those include: (1) Whether or not to increase the contracted scope of work hours for the Executive Director; (2) Whether or not to increase the stipends paid to the LAFCOs whose staff volunteer as CALAFCO EO or DEO; and (3) Whether or not to make these decisions today or wait until November after receiving member feedback. Executive Director Miller stated compensation for the CALAFCO volunteers (one EO and three DEOs) had not changed since Fiscal Year 2001-2002, and volunteers have more responsibility and expend considerably more hours on CALAFCO activities than they did more than a decade ago. In terms of revenue options, she noted the last "non-CPI" increase in the dues was in 2008-2009, and, since that time, the Board has, twice, decided not to adopt annual CPI increases. Executive Director Miller reported the Executive Director has averaged substantially more hours than the contract specifies over a number of years (including the former Executive Director), and

EO Lucas stated CALAFCO is providing greater value to LAFCos today than ever before and the disparity of hours worked to compensation paid needs to be addressed. Kathy Rollings-McDonald said CALAFCO greatly benefits all LAFCos because regions now have a voice under the current structure and added there is great value received from the Executive Director but that this work needs to be reflected in the compensation. DEO Novak stated a concern about volunteer burnout given the many CALAFCO events (annual conference, staff workshop, CALAFCO U).

*The Board took a break at 1:40 p.m. to discuss the issue of the Executive Director increase in hours and commensurate compensation in Executive Session. The Board reconvened at 1:55 p.m.*

At this point, the Board broke out into regional and staff subgroups to discuss the matter further. Each group was asked to discuss the preferred options presented and select the one those preferred to move forward with, discuss the pros and cons of that option, the message to be conveyed to the membership and what they needed from CALAFCO in order to convey the message.

Upon reconvening, each regional group and the staff group reported on their discussions and recommendations, with all five groups unanimously indicating support for Option 2 and for the increased compensation for volunteers.

A discussion ensued about the timing of the decision, with a consensus reached that all actions should occur presently at the Board meeting and be announced at the Annual Business meeting.

*On motion of Director Griego, seconded by Director Curatalo, and carried unanimously, the Board voted to approve the recommended stipend increase paid to the LAFCo of the volunteer EO and DEOs, effective July 1, 2015, with a clarification that the compensation is to the LAFCo of volunteer staff and not to the individual volunteers.*

*On motion of Director Allen, seconded by Director Kelley, and carried unanimously, the Board voted to approve Option 2 relative to increasing the Executive Director's contracted scope of work hours from an average of 24/week to 32/week and adjust the compensation accordingly by \$30,000/year, effective January 1, 2016.*

*On motion of Director Samayoa, seconded by Director McGill, and carried unanimously, the Board voted to increase member dues by seven percent (7%) in Fiscal Year 2016-2017 and seven percent (7%) in Fiscal Year 2017-2018, with a clarification that the Board's intent is to not increase dues in those years by the CPI.*

Director Kelley asked staff to prepare a one-page memorandum to be used as talking points, as well as the draft minutes, as both documents would be helpful in explaining the Board's actions to the membership.

*Commissioner Inman and Commissioner McGill both announced they would be leaving the call now that the Board had taken action on Agenda Items 6 and 7.*

## **8. CALAFCO Legislative Committee Report**

Executive Director Miller indicated the Legislative Committee (Committee) met twice since the last Board meeting. She reported the Governor signed the annual Omnibus Bill (AB 1532) on July 15, 2015 and only one item was removed (due to opposition from the Turlock Irrigation District). AB 851 (Mayes), the CALAFCO-sponsored bill on disincorporations, has passed the Assembly; the bill has been amended five (5) times, with a final set of amendments pending before the full Senate vote.

## 12. Awards Committee

Marjorie Blom stated the Awards Committee had received twenty-seven (27) nominations for awards and reported she is passing off the coordination of the work of the Awards Committee to select award recipients to Executive Director Miller.

## 13. 2015 CALAFCO U Update

Marjorie Blom reported the "LAFCO and Litigation" course was held on Monday, June 29 at the John Wayne/Orange County Airport. She noted the four speakers (Carolyn Emery of Orange LAFCo, Pat McCormick of Santa Cruz LAFCo, and attorneys Michael Colantuono and Scott Smith) were well received.

Executive Director Miller indicated staff plans to organize one CALAFCO session in Sacramento in the fall, likely focused on water district consolidations pursuant to the recent adoption of SB 88.

## 14. Board Member Reports and Announcements

Director Griego noted that a local team from Yuba County is advancing to the Little League World Series.

Director Duncan noted Butte LAFCo recently completed annexations to the City of Chico and the City of Oroville.

## 15. Executive Director's Report

Executive Director Miller noted she had nothing to add to what was included in her written Director's Report which was provided to the Board.

## ADJOURNMENT

*Chair Leopold adjourned the meeting at 4:28 p.m. to the 4 September, 2015 Board of Directors Meeting in Sacramento.*