

August 12, 2015

El Dorado LAFCo
550 Main Street, Suite E
Placerville, CA 95667

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 programming 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

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meeting the needs of all 58 LAFcos is no longer tenable and we tasked our Executive Committee with the difficult job of developing sustainable solutions for CALAFCO.

After months of work, the Executive Committee (John Leopold, Coastal region; Gay Jones, Central region; Josh Susman, Northern region; and Jim Curatalo, Southern region) brought recommendations to the full Board for consideration at the July 31 meeting. After much deliberation, the Board unanimously approved a series of changes to the organizational structure.

First, the Board approved an increase in the hours of our Executive Director effective January 1, 2016 to 32 hrs/wk to better represent the organization. Desiring to also increase resources for our members, the Board is also committing to adding to our White Papers series to support our LAFcos. By increasing our staffing and providing new resources to our members, the Board is committing to evolving the organization to meet the needs of the 21st century and ensuring continued high levels of service to our members.

Current service levels are not sustainable without additional funding and the Board recognizes that the services provided by CALAFCO are valuable tools for all LAFcos and help all of us fulfill our missions. This comes with a cost and after very lengthy discussion at the July 31 Board meeting, the Board unanimously approved an increase in dues that will be as little as \$55/yr for small LAFcos and \$530/yr for our larger LAFcos. This dues increase will be spread over a two-year period, beginning in FY 2016-17. The increase reflects a seven (7) percent in year one, and a seven (7) percent increase in year two. The total increase over the two-year period equates to a range of \$114 to \$1,098. The Board also declared its intention to not raise the dues by the CPI during these two years.

Raising fees and dues at any time is a difficult proposition. Our work at CALAFCO does not differentiate between small and large LAFcos when meeting the needs of our members. During the worst years of the recession, CALAFCO held the lines on dues. With effective fiscal management and new efforts to raise sponsorship funds, the organization is in a strong fiscal position and we are not contemplating these changes out of crisis. We are committed to continually enhancing the services of CALAFCO and fulfilling our mandate "to assist member LAFcos with educational and technical resources that otherwise would not be available." I hope you will agree when we discuss this at our annual membership meeting at this year's conference.

Next Steps - Your Help is Needed!

This is an important element in the growth of our Association, the profession, and the role of LAFco. We recognize that for some LAFcos these changes represent a financial increase. However, we also realize that the current service levels are not sustainable without additional funding, and that evolving and expanding our service levels are not possible without additional resources. We trust that you see this as an investment in the Association and your Commission, and that we have demonstrated through our actions the value of your membership. Your positive support and assistance in securing the support of your Commission is greatly appreciated. We are providing you with a one-page summary of the organizational changes and the reasons for them, along with a copy of the DRAFT minutes of the July 31, 2015 Board meeting, at which all of these actions were taken.

I and the rest of the Board are available to answer any questions you may have. You are encouraged to seek out the feedback of your regional Board members.

On behalf of the CALAFCO Board of Directors,



John Leopold
Chair of the Board

Cc: CALAFCO Board of Directors
enclosures

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

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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, Chair , County (Santa Cruz)	Gay Jones, Secretary , District (Sacramento)
Josh Susman, Treasurer , 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
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****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.

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ACTION ITEMS

2. FY 2014-15 Year-End Financial Report

EO Blom provided a summary of the year-end financial report. She noted in general revenues came in over budget by \$24,921 (in particular higher than expected conference and workshop revenues of \$25,099 and \$1,185, respectively), offsetting items which came in under budget including associate member dues revenue (by \$2,500) and CALAFCO U revenue (by \$1,071). She stated cost savings were realized in office expenses, annual conference expenses (due to lower attendance and lower hotel costs), and staff workshop expenses (due to lower facility costs and not having legal counsel in attendance). She reviewed items that were appreciably higher than budgeted, including legal expenses (due to a mid-year switch in legal counsel), legislative matters due to high volume and brochure expenses due to the publication of the newly revised "What is LAFCo" brochure.

Director Leopold stated CALAFCO is in a very strong financial position at the end of Fiscal Year 2014-2015.

On motion of Director Griego, seconded by Director Allen, and carried unanimously, the Board received and filed the Fiscal Year 2014-15 Year-End Financial Report.

Director Leopold stated this is the last meeting for Directors Griego, Inman and Welt, all of whom are not running for re-election to the CALAFCO Board of Directors and thanked them for their dedication and service to CALAFCO.

3. Investment and Bank Account Report

EO Blom provided a summary of the CALAFCO investment and bank account report, noting the Association received \$175 in interest generated during the third quarter which was reflected during the fourth quarter.

On motion of Director Curatalo, seconded by Director Duncan, and carried unanimously, the Board received and filed the report.

4. Appointment of CALAFCO Executive Officer and Deputy Executive Officer

Executive Director Miller stated Marjorie Blom is retiring from Stanislaus LAFCo effective August 3 so Marjorie is resigning as CALAFCO EO. Executive Director Miller recommended the Board appoint Stephen Lucas, who has served as DEO since 2012, as the CALAFCO EO. She noted Kris Berry will fill the DEO vacancy representing the Central region. Executive Director Miller indicated both appointees have the full support of their respective LAFCos.

On motion of Director Duncan, seconded by Director Frentzen, the Board appointed Stephen Lucas as the CALAFCO EO and received and filed the appointment of Kris Berry as CALAFCO DEO.

Executive Director Miller thanked Marjorie Blom for her "unwavering commitment to CALAFCO," adding "her contributions to CALAFCO are immeasurable." She announced Marjorie is re-joining CALAFCO as an Associate Member. Chair Leopold thanked Marjorie for her service to CALAFCO, stating she has "made a really big difference in the organization."

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

outside sponsorship coordinator saying it will take several years to determine the effectiveness. Director Susman suggested establishing “step-up” incentives for the outside sponsorship coordinator, rewarding the coordinator for securing larger sponsorships and for retaining sponsors year-to-year.

EO Lucas noted concerns about volunteer burnout amongst LAFCo staff, in addition to the fact that many more LAFCos are using contract staff, who generally do not volunteer as much for CALAFCO. Director Allen voiced support for the rotation schedule but identified a concern that the increased sponsorship revenues were not proposed to be utilized to offset registration costs. Chair Leopold said that the increased sponsorship revenues are extremely conservative and that the risks of retaining a sponsorship coordinator are relatively low while the potential benefits are very high. Director Griego suggested that annual conference sponsors be given free admission to the Wednesday morning LAFCO 101 session. Director Frentzen asked what the sponsorship revenues had been at previous annual conferences, to which Executive Director Miller replied that the traditional average has been \$9,000 - \$12,000 in revenue from approximately six to ten sponsors, and that the 2014 Annual Conference in Ontario was an outlier, with sponsorship revenue of approximately \$40,000. Director Frentzen suggested interviewing several potential vendors to serve as sponsorship coordinator and incentivizing the sponsorship coordinator based on the number and amount of sponsorships obtained.

Director Kirby stated the contract with the sponsorship coordinator should include provisions for returning multi-year sponsors and also said he preferred increasing sponsorships to raising annual CALAFCO dues on individual LAFCos. Director Kelley voiced support for the recommendations from the subcommittee and felt the sponsorship revenue estimates are too low. Director McCallum voiced his support for the subcommittee recommendations and suggested a longer term (three years) for the contract with the sponsorship coordinator as there can be a long lead time in securing sponsors. Director Duncan stated he supports the subcommittee's recommendations. Director Samayoa indicated he supports the recommendations noting the organization must move away from volunteers and have a consistent message to potential sponsors. Director Jones said she supports the subcommittee recommendations and she likes the idea of compensating the sponsorship coordinator for retaining sponsors year-to-year. Director McGill stated support for the subcommittee recommendations.

Marjorie Blom noted other trade associations have full-time staff working on their annual conferences and many “host” LAFCos are unable to raise sponsorship revenues. Kathy Rollings-McDonald stated the subcommittee's recommendations are a good idea. DEO Novak noted the hiring of a professional sponsorship coordinator would still accommodate volunteer fundraising but would make it easier for volunteers to “hand off” the contact/relationship to the sponsorship coordinator and that the sponsorship coordinator would raise revenues without significant impacts on individual LAFCos.

Director Allen suggested that staff track the intangible and qualitative benefits associated with the increased sponsorship effort, in order to facilitate explaining the value of the effort to individual LAFCos. Director Jones reiterated Chair Leopold's comment that the sponsorship coordinator effort involves low risks but high potential. Director Kirby asked that staff track the in-kind contributions of sponsors and volunteers for future conferences.

On motion of Director Frentzen, seconded by Director Allen, and carried unanimously, the Board approved the following actions:

1. *Approve shifting to a CALAFCO-hosted model for the conference beginning in 2017;*
2. *Approve a four-year conference rotation with three anchor sites (Sacramento, San Diego and Monterey) and a fourth random site rotated in every four years;*
3. *Postpone the idea of adding exhibitors to the conference; and*

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

the Board is faced with a decision to either reduce the strategic plan deliverables to what can be done within the current contracted scope of work or increase the contracted scope of work to be more aligned with fulfilling the strategic plan objectives.

Chair Leopold stated Board members, LAFCo commissioners, Associate Members and LAFCo staff all have an expectation that they can communicate their needs to the Executive Director, whom they expect to be responsive to their concerns. He noted there are limitations on the Executive Director's ability to be responsive given a contract that entails working an average of twenty-four (24) hours per week. He noted this is not a new issue for the organization, but rather one that has existed for a number of years. He also commented the Executive Committee worked extensively the past several months in looking at the problem and creating viable solutions for the Board's consideration. Chair Leopold voiced his support for Option 2 in the staff report as a way of addressing this issue by means that are within the Board's control, adding this option is unanimously supported by the full Executive Committee.

Director Samayoa asked if the issue of Executive Director compensation needed to be addressed in closed session and Legal Counsel Alsop indicated it could be discussed in open session as it involves compensation and hours for the position itself and is not considered to be an employee evaluation of the current Executive Director.

Director Curatalo voiced his support for Option 2. Director Jones indicated her support for Option 2, noting the issue is about professional staff support versus volunteerism. Director Griego stated this is not a new issue for the organization, noting the former Executive Director also worked hours well beyond the contracted scope of work and voiced her support for Option 2.

Director Frentzen stated individual LAFCos in the same dues category (urban, suburban, and rural) should pay the same dues and questioned whether the Board needs to consider if the Executive Director position should be a full-time position. Legal Counsel Alsop noted existing dues are based on a formula that includes the following components: (1) They are population based; (2) A maximum dues amount was set for FYs 2006-07, 2007-08 and 2008-09 respectively (pursuant to Bylaws); and (3) Minimum dues have two components including the use of CSAC population classifications of urban-suburban-rural, and that no LAFCo shall pay less than the amount of dues they were paying at the time the current dues structure was established.

Director Kelley stated something needed to be done to address the issue of compensation versus hours worked. Director Kirby stated his concern about discussing the matter outside of closed session, given the outcome involves a potential raise for the current Executive Director. Director McCallum stated his support for Option 2. Director Duncan said there really aren't other options available and he is supportive of Option 2. Director Allen stated CALAFCO either has to significantly reduce responsibilities, to match the twenty-four hour/week scope of work or increase the hours and she is supporting Option 2 and the volunteer compensation increase.

Director Samayoa stated a full-time staff position option should be considered, including an evaluation of how to pay the increased costs. Legal Counsel Alsop noted CALAFCO has never had an employer-employee relationship with staff and this was due, in part, to the preferences of the individuals who have been contracted as the Executive Director, stating further that CALAFCO did have a lobbyist in the 1970's, but the organization has worked with a part-time legislative representative through the Executive Director since then.

Director McGill indicated his support for the increased compensation for volunteers and for Option 2. Director Inman stated she supports Option 2, noting that while the percentage increases may seem high, the actual dollar amounts involved are relatively nominal, amounting to \$114 for the lowest-paying member LAFCos and \$1,098 for the highest-paying member LAFCos.

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.

Executive Director Miller addressed changes to AB 3 (Williams) concerning the Isla Vista Community Services District, noting CALAFCO's position remains Oppose Unless Amended, as well as recent changes to AB 402 (Dodd) concerning a five year pilot project involving Napa and San Bernardino LAFCOs, noting CALAFCO's position is No Position. She described changes to SB 239 (Hertzberg) relative to contracts between two public agencies, noting that although the most concerning parts of the bill had been removed, the Committee still had a number of concerns. She went on to report the Committee discussed the matter at length and what arose was an obvious lack of consensus on the basic policy matter of whether or not LAFCOs should be reviewing agreements between two public agencies. Ultimately, the Committee decided to be consistent with the position taken on AB 402 (a position taken due to lack of consensus on the basic policy matter of the bill), which resulted in CALAFCO changing its position from Oppose to No Position. Executive Director Miller stated she continues to work with Senator Hertzberg on potential amendments, given lingering concerns by members of the Committee. She described the efforts involved with SB 552 (Wolk) to clean-up certain provisions of SB 88, the water system consolidation bill previously passed as a budget trailer bill.

Executive Director Miller stated the Board, at its May 8 meeting, added a legislative position of "No Position" to the Committee's guidelines. Because the Committee amended the language slightly at its June 19 meeting, she recommended the Board ratify the amended guidelines.

On motion of Director Frentzen, seconded by Director Jones, and carried unanimously, the Board voted to ratify the amendment by the Committee to the description of "No Position" and to receive and file the report on current legislation.

9. 2015 Staff Workshop Final Report

Executive Director Miller provided a brief report on the Staff Workshop, held April 15-17 in Grass Valley. There were 90 participants representing 38 LAFCOs as well as five Associate Members, and the overall ratings in the evaluations was 5.3 on a 6.0 scale. The Mobile Workshop as well as the sessions on consolidation options and website management were particularly well-received. The Thursday evening dinner at Miner's Foundry received a 6.0 rating, the highest ratings of any dinner in recent workshops. The Workshop was a financial success, with revenues exceeding expenses by \$8,886.

10. 2015 Annual Conference Update

Executive Director Miller stated the 2015 Annual Conference in Sacramento is coming together with all presentations finalized and all speakers confirmed. Speakers will include three of the Governor's cabinet members (Director Ken Alex of the Office of Planning & Research, Secretary John Laird of Natural Resources, and Secretary Karen Ross of Food & Agriculture). Director and Conference Chair Jones noted she has secured a local fire department's drum and bagpipes corps and color guard to start the opening session on Wednesday afternoon.

11. Nominations Committee Report

Executive Director Miller stated she has received nominations for Board Member positions and the deadline to submit nominations is Monday, August 3.

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.