

SAN BENITO LOCAL AGENCY FORMATION COMMISSION

SPECIAL MEETING AGENDA

April 25, 2019

Board of Supervisors Chambers
481 Fourth Street, Hollister CA

6:00 P.M.

NOTE: Special Meeting Start Time

1. Call to Order and Roll Call
2. Recitation of the Pledge of Allegiance
3. Public Comment Period - This is an opportunity for members of the public to speak on items that are not on the agenda

CONSENT AGENDA

4. Approval of minutes: March 14, 2019

BUSINESS ITEMS –PUBLIC HEARING ITEM

5. Consider Adoption of the Proposed Fiscal Year 2018-19 Budget

INFORMATIONAL

6. Commissioner Announcements and Requests for Future Agenda Items
7. Executive Officer oral status report on pending proposals
8. Adjourn to regular meeting on May 9, 2019, unless meeting time is changed based on Commission action or cancelled by Chair.

Disclosure of Campaign Contributions – LAFCO Commissioners are disqualified and are not able to participate in proceedings involving an “entitlement for use” if, within the 12 months preceding the LAFCO decision, the Commissioner received more than \$250 in campaign contributions from the applicant, an agent of the applicant or an financially interested person who actively supports or opposes the LAFCO decision on this matter.

Those who have made such contributions are required to disclose that fact for the official record of the proceedings. Disclosures must include the amount of the contribution and the recipient Commissioner and may be made either in writing to the Executive Officer of the Commission prior to the hearing or by an oral declaration at the time of the hearing.

The foregoing requirements are set forth in the Political Reform Act of 1974, specifically in Government Code section 84308.

Commissioners: Caesar Flores, Chair ♦ Mark Medina ♦ Richard Bettencourt, Vice Chair ♦ Jim Gillio ♦ Ignacio Velazquez

Alternate Commissioners: City - Vacant ♦ Peter Hernandez ♦ Roberta Daniel **Executive Officer:** Bill Nicholson

Disability Accommodations - Persons with a disability who require any disability-related modification or accommodation, including auxiliary aids or services, in order to participate in the meeting are asked to contact the LAFCO office at least three (3) days prior to the meeting by telephone at 831/637-5313 or by email at jslibsager@cosb.us.

*LOCAL AGENCY FORMATION COMMISSION
2301 Technology Parkway
Hollister, CA 95023*



CERTIFICATE OF POSTING

Pursuant to Government Code § 59454.2(a) I, Janet Slibsager, Clerk of the Board of Supervisors, certify that the SPECIAL MEETING AGENDA for the

SAN BENITO COUNTY LOCAL AGENCY FORMATION COMMISSION

Scheduled for April 25, 2019 was posted at the San Benito County Planning Department, 2301 Technology Parkway, Hollister, CA and at the San Benito County Administration Office, 481 Fourth Street, Hollister, CA on this 19th Day of April, 2019.

All locations freely accessible to the general public.

Janet Slibsager

Clerk of the Board of Supervisors

CONSENT AGENDA

4. Approval of minutes: March 14, 2019.



**SAN BENITO LOCAL AGENCY FORMATION
COMMISSION
MINUTES OF MEETING**

March 14, 2019
Board of Supervisors Chambers - Hollister, CA

CALL TO ORDER

1. Chair Ignacio Velazquez called the meeting to order at 5:00 p.m. Present were Executive Officer Bill Nicholson and Commissioners: Ignacio Velazquez, Richard Bettencourt, and Cesar Flores. Commissioner Mark Medina arrived late and Commissioner Jim Gillio was absent. Also present were G. Michael Ziman, LAFCO Counsel, and Janet Slibsager, Recording Secretary.
2. Commissioner Flores led the Pledge of Allegiance.

PUBLIC COMMENT

3. **Public Comment Period:** There was no one from the public who wished to speak.

SELECTION OF OFFICERS

4. **Open nominations and conduct elections for Chair for 2019 Calendar Year.**

Chair Velazquez opened the nominations and nominated Commissioner Flores as Chair.

Commissioner Velazquez made a motion to elect Commissioner Flores as Chair for the 2019 Calendar Year.

Commissioner Bettencourt seconded the motion.

Ayes: Bettencourt, Flores, Medina, Velazquez
Noes: None
Abstain: None
Absent: Gillio

5. **Open nominations and conduct elections for Vice-Chair for 2019 Calendar Year.**

Newly elected Chair Flores opened the nominations for Vice Chair.

Commissioner Medina made a motion to elect Commissioner Bettencourt as Vice Chair for the 2019 Calendar Year.

Commissioner Velazquez seconded the motion.

Ayes: Bettencourt, Flores, Medina, Velazquez
Noes: None
Abstain: None

Absent: Gillio

CONSENT AGENDA

6. Approval of minutes: January 10, 2019.

Commissioner Velazquez made a motion to approve the minutes from the January 10, 2019 LAFCO meeting.

Commissioner Bettencourt seconded the motion.

Ayes: Bettencourt, Flores, Medina, Velazquez

Noes: None

Abstain: None

Absent: Gillio

BOUNDARY CHANGE PROPOSALS – PUBLIC HEARING ITEMS

- 7. LAFCO 527 – Villalpando Annexation to the City of Hollister: Involving the annexation of approximately 14 acres of property into the City for future commercial development. The property is located on the south side of State Highway 25, north of Pacific Way and approximately 100 feet east of San Felipe road (Assessor's Parcel Number 019-330-005). The boundary of the annexation may be adjusted to include the nine-acre property located to the east in order to make a more contiguous boundary (Assessor's Parcel Number 019-330-011). The actions requested are to make an environmental determination regarding the adequacy of the City's Environmental Impact Report, and to consider approval of the annexation.**

Executive Officer Nicholson gave an introduction of the proposal.

Commissioner Medina asked if the item was dealing solely with commercial use and not with anything regarding housing/residential use. Executive Officer Nicholson provided clarification. The original proposal was only for a 14 acre parcel for commercial development, however, because the boundary leaves a 9 acre gap of unincorporated land to the east of Chappell Road, staff is recommending that those 9 acres be included in the annexation to make a contiguous City boundary. Those 9 acres are designated for single family housing. Commissioner Velazquez asked if the annexation of those 9 acres could be brought back at a different time. Executive Officer Nicholson responded that if it is not approved with this item, the City would need to submit an application for it, and the 9 acres would most likely not be dealt with.

Commissioner Velazquez stated he wants the applicant to be able to move forward with the commercial aspect of the project. However, he does not want to move forward with the residential annexation. He supported Option #2 from the Executive Officer's Report.

Commissioner Bettencourt was in favor of annexing both the 14 acre parcel and the additional 9 acre parcel. Commissioner Bettencourt asked about the Commission's requirements regarding projects that are surrounded on 3 sides by the City. Executive Officer Nicholson provided clarification.

Commissioner Flores asked what the benefit of the contiguous City boundary is. Executive Officer Nicholson provided information, including points regarding the compatibility of farming and urban uses of the land and the need for logical boundaries.

Commissioner Medina clarified that staff had added the recommendation to annex the 9 acres, it was not a request from the applicant for the 14 acre commercial development.

Commissioner Velazquez reiterated that he does not want to "muddy the waters". He wants to wait on annexing the 9 acres for residential development but supports the annexation for commercial development.

Commissioner Bettencourt asked Commissioner Velazquez about the General Plan and also reiterated his understanding that neither the applicant nor the City of Hollister had requested the annexation of the additional 9 acres.

Victor Gomez spoke during public comment. He was not there on behalf of the applicant, but said it is great to see the developer's investment. He stated that LAFCO's role is not to dictate land uses, but to talk about jurisdictions. He also pointed out that any commercial development is going to "count rooftops" to see if it is worth investing in a business in this community. They are also going to look at how many more houses are slated to be built.

Commissioner Velazquez commented on the fact that the City of Hollister is going through a General Plan update and the fact that there was no applicant there in support of the annexation of the additional 9 acres.

Commissioner Bettencourt had a question about the 1:1 prime farmland mitigation measure. Executive Officer Nicholson provided clarification saying the City had already required it as part of their Environmental Impact Report. Discussion ensued.

Commissioner Velazquez made a motion to approve Option #2 in the Executive Officer's Report: Approve the proposed annexation of 14 acres as originally requested by the City of Hollister, subject to the same findings, determinations and orders as under Option #1 (A – E), but without expanding the annexation boundary for the adjacent 9 acres, and without the need to hold a protest hearing.

Commissioner Medina seconded the motion.

County Counsel Michael Ziman read changes to the resolution into the record: On Page 1, remove the reference to APNs and replace with "13.99 acres, identified as APN #019-330-005". On Page 1, delete the following: "with modification to

include one additional parcel which is located between the City's annexation parcel, the recent Chappell Road annexation boundary more particularly identified as the 9 acre portion of APN 019-330-011 located South of the State Highway 25 Bypass". On Page 3 section (6), delete "including the additional parcel identified as the 9 acre portion of APN 019-330-011 located south of the State Highway 25 Bypass". On Page 3 section (10), change "approved as modified under Option 1" to "approved as modified under Option 2" and delete "to include an additional 9 acre portion of APN 019-330-011 located south of the State Highway 25 Bypass". The resulting resolution will remove all references to the additional 9 acres since the commission is only approving the 14 acre annexation.

Ayes: Flores, Medina, Velazquez
Noes: Bettencourt
Abstain: None
Absent: Gillio

8. **LAFCO 528 – Dissolution of Eleven Inactive County Service Areas (CSAs):** The State Controller's Office, in compliance with SB 448, has identified the following 11 CSAs which meet the requirements for dissolution, CSA Numbers 1, 2, 3, 10, 12, 13, 15, 17, 26, 27, and 40. The actions requested are to make an environmental determination that the dissolutions are exempt from environmental review and adopt a resolution to dissolve the eleven CSAs.

Executive Officer Nicholson provided a brief summary of the item. Staff is recommending that the Commission approve the dissolution of the eleven CSAs.

There was no public comment.

Commissioner Medina made a motion to dissolve the eleven CSAs and adopt Resolution #2019-2 per staff recommendation.

Commissioner Bettencourt seconded the motion.

Ayes: Bettencourt, Flores, Medina, Velazquez
Noes: None
Abstain: None
Absent: Gillio

GENERAL BUSINESS ITEMS – NON PUBLIC HEARINGS

9. **Consider letter of support for AB 1253 (Rivas) allowing LAFCOs to be eligible for grant funding for special studies to improve governmental**

efficiency and seeking reimbursement for costs under AB 448 involving dissolution of special districts.

Executive Officer Nicholson provided a summary of the bill. LAFCO previously sent a letter of support for a similar bill that was vetoed by the Governor last year. Discussion ensued by the Commission.

Commissioner Velazquez made a motion to send a letter of support for AB 1253 (Rivas), per staff recommendation.

Commissioner Medina seconded the motion.

Ayes: Bettencourt, Flores, Medina, Velazquez
Noes: None
Abstain: None
Absent: Gillio

10. Consider letter of support for AB 213 (Reyes) to restore funding for inhabited annexations to cities where they would be eligible to receive vehicle license registration (VLF) funds previously shifted away from cities under ERAF transfers.

Executive Officer Nicholson provided a summary of the bill.

Commissioner Velazquez made a motion to send a letter of support for AB 213 (Reyes), per staff recommendation.

Commissioner Medina seconded the motion.

Ayes: Bettencourt, Flores, Medina, Velazquez
Noes: None
Abstain: None
Absent: Gillio

11. Discussion of upcoming annual budget process and identification of special projects or priorities.

Executive Officer Nicholson provided information. Budget considerations include the Executive Officer's salary for processing applications, funds for consultants, and funds for updating spheres of influence and municipal service reviews.

Commissioner Medina asked when the final report would be submitted to the County Board of Supervisors if the Commission were to have the Executive Officer focus on municipal service reviews of CSAs.

Executive Officer Nicholson said it would most likely be done within the fiscal year.

Discussion ensued regarding CSAs.

INFORMATIONAL

12. Commissioner announcements and requests for future agenda items.

Commissioner Bettencourt thanked his fellow commissioners who have served on this body and welcomed the new members.

Commissioner Flores commented that if they work as a team they can get a lot accomplished.

13. Executive Officer oral status report on pending proposals.

Executive Officer Nicholson stated he is working on an application to annex a subdivision that is surrounded by an existing CSA (#24). The proposal is for a six lot subdivision to be annexed into the CSA. There are no other pending applications.

ADJOURNMENT

- 14.** Upon a motion by Commissioner Medina, and seconded by Commissioner Velazquez, adjourned meeting at 6:10 p.m.

Final Minutes Approved by the Commission
on _____

By: _____
Cesar Flores, Chairman

BUSINESS ITEMS – PUBLIC HEARING ITEM

**5. Consider adoption of the Proposed Fiscal Year 2018-19
Budget**



April 25, 2019 (Agenda)

Local Agency Formation Commission
2301 Technology Parkway
Hollister CA 95023

Proposed LAFCO Budget for FY 2019-20
(Agenda Item 5)

Dear Members of the Commission:

RECOMMENDATION

It is recommended the Commission:

1. Review the Proposed Budget for Fiscal Year 2019-20, accept all public testimony and approve the Proposed Budget with any desired modifications.
2. Direct the staff to distribute the Proposed Budget to cities, special districts and the County as required by Government Code Section 56381.
3. Return to the Commission with a Final Budget for consideration at the June 13, 2019 regular Commission meeting, scheduled at 5:00 pm.

DISCUSSION

Attached to this Report is a summary of the Proposed Budget for Fiscal Year 2019-2020 "Explanation of Accounts" which also identifies the appropriations and expenditures experienced through March 31st in the current 2018-19 Fiscal Year. As a short summary, as of the end of March, the Commission had expended \$59,460 of the full year's budget of \$134,610 (representing 44%).

As detailed in the Explanation of Accounts attachment, expenditures are well below budgeted amounts in several accounts: costs for services and supplies, which are lower due to the level of application activity; the \$20,000 contingences account has had no withdrawals; and County Counsel has yet to submit billing for the first three quarters of the fiscal year. A copy of the "Budget Performance Report" for the 7/1/18 to 3/31/19 period is attached to this Executive Officer's Report which highlights expenditures and revenues by account number. Also attached is the "Detail General Ledger Report" which provides the detail of expenditures and application fee revenues.

Revenue from application fees totaled \$6,980.00 in the first three quarters (reflecting three annexations and two sphere of influence amendment applications). Non-application revenue for LAFCO operations comes from mandatory contributions from the County and the Cities of Hollister and San Juan Bautista.

Proposed Budget Increase

There are several recommended changes in the Proposed Budget from the current fiscal year that, in total, would increase requested appropriations by a total of \$6,887. The Board Clerk's Office has been providing clerk functions to the Commission, but has received no reimbursement. They have tracked their time and have submitted a summary of monthly costs, along with an estimate for the upcoming fiscal year, assuming a total of 10 meetings, in the amount of \$9,426.84. This amount can be partially offset by a reduction in billing for the County GIS (Geographic Information Systems) function - reduced from \$9,000 to \$1,796 - to be more in line with LAFCO's use of the system compared to other users (including the cities and county, the Council of Governments and the Office of Education). The California Association of Local Agency Formation Commissions (CALAFCO) dues are being increased by \$150 reflecting a one-time 16.25% increase to make up for a continuing "structural deficit" as explained in the attached memo form CALAFCO.

Consultant (Executive Officer) support costs in Account No. 619.222 are proposed to increase in the amount of \$7,000.00 to support the County's efforts to work with consultants retained by the County to update the County Service Area (CSA) Municipal Service Review (MSR). At the discussion held by the Commission at the March 14, 2019 Regular Meeting regarding the upcoming budget cycle, it was discussed that the CSAs are in need of support by LAFCO, including the possible dissolution or consolidation of various CSAs to more efficiently provide the typical services of road maintenance, street sweeping, stormwater disposal, and street lighting. Approximately 15 hours of time were spent on reviewing an administrative draft MSR report prepared by the County's consultant in February and coordinating with the consultants and County staff on revisions and research. Additional time has been spent supporting County efforts to initiate annexations of new developments into neighboring CSAs in anticipation of future LAFCO applications. The Commission will also remember that 11 CSAs were dissolved at the March Commission meeting that were on the State Controller's List of "inactive" special districts.

The Commission may wish to make further modifications to this Proposed Budget based on a review the attached Proposed Budget "Explanation of Accounts" and comments by the Commission or public at the scheduled public hearing.

Appropriations

The Proposed Budget is \$141,197 representing a \$6,887.00 increase from the current fiscal year's budget. Opportunities to decrease the Budget in various accounts have been identified after several years of experience where annual expenditures have been much lower than budgeted such as: postage, legal notices, and mileage. Other savings are from a large decrease in LAFCO support for GIS support activities, as explained below. The two main categories of increase, as mentioned earlier, are for the support role from the Board Clerk to perform LAFCO Clerk duties, and for additional Executive Office support for an update to the County Service Area MSR, and related CSA support functions.

However, the Commission should be aware that appropriations which are not expended during one fiscal year become part of the Available Fund Balance to finance the following fiscal year budget, and reduce the amount requested to be paid by the County and Cities. The Auditor's Office computes any fund balance at the end of the fiscal year.

Revenues

Contributions from the County and cities represent the great majority of LAFCO revenue. The Detail General Ledger Report indicates the City of Hollister paid \$40,792.67 for LAFCO operations on January 14, 2019, but there are no entries for the County or San Juan Bautista. At the Proposed Budget Hearing, the Executive Officer will provide an update as to whether these jurisdictions have paid their current year billing. For reference, in the previous fiscal year the County and two cities contributed a total of \$53,162. Application fee revenue amounted to \$6,980.00 in the first three quarters, and there are several pending annexations that will boost this revenue by the end of the Fiscal Year.

In terms of generating more revenue, the current fee schedule was adopted by the Commission in 2014, which is relatively current for existing application types. However, the Commission may want to consider billing the County for some of the staff support costs in updating the County Service Area (CSA) MSR. However, when individual CSA boundary modifications are submitted (annexations, dissolutions or consolidations), the applicant would pay the processing fee from the adopted fee schedule. Consultant costs for updating the overall CSA MSR are being paid directly by the County although a lot of Executive Officer time has been required for review and research. This cost is not currently recovered (although the County pays half of the local government contribution for LAFCO operations).

Summary of the Budget Process

LAFCO is an independent commission established by the legislature to carry out specific duties. It is responsible for adopting its own budget to fulfill the purposes described in

the Cortese/Knox/Hertzberg Local Government Reorganization Act of 2000. The law does not require approval of the budget by the County, the cities or any other local agencies

Government Code Section 56381(a) governs the preparation of the LAFCO budget. It reads as follows:

The commission shall adopt annually, following noticed public hearings, a proposed budget by May 1 and final budget by June 15.

At a minimum, the proposed and final budget shall be equal to the budget adopted for the previous fiscal year unless the commission finds that reduced staffing or program costs will nevertheless allow the commission to fulfill the purposes and programs of this chapter.

The commission shall transmit its proposed and final budgets to the board of supervisors, to each city, and to each independent special district.

REQUESTED ACTION

In consideration of this information, it is recommended the Commission adopt the Proposed Budget and direct the Executive Officer to distribute it to local agencies as required by Government Code Section 56381(a), incorporating any amendments desired by the Commission. The Commission should also set a public hearing on the Final Budget for the regularly scheduled Commission meeting on June 13, 2019.

Sincerely,

Bill Nicholson
Executive Officer

Enclosures:

1. Proposed Budget for FY 2019-20 "Statement of Accounts"
2. Budget Performance Report – Date Range 07/01/18-03/31/19
3. Detail General Ledger Report – Date Range 07/01/18-03/31/19
4. Correspondence from CALAFCO on Membership Fee Increase, dated 03/06/19

SAN BENITO LOCAL AGENCY FORMATION COMMISSION
Proposed Budget for Fiscal Year 2019-20

Explanation of Accounts

Object Code No.	Description	FY 2018-19 Adopted	As of 3/31/19	FY 2019-20 Proposed	Change
619.166	CALAFCO Membership	925	925	1,075	150
	Membership dues reflect 16.25% one-time increase this year.				
619.172	Service & Supplies: Postage	1,320	202	1,000	(320)
	Reducing account based on historic application activity.				
619.174	Service & Supplies: Office Supplies & Copies	3,200	182	2,000	(1,200)
	Reducing account based on historic application activity & use of County copying rate.				
619.180	Services & Supplies: Legal Notice	750	296	750	0
	Keeping account the same based on anticipated advertising costs.				
619.194	Training - Registration	1,000	0	1,000	0
619.196	Travel - Lodging	1,520	0	1,520	0
	Executive Officer and possible Commissioner attendance at CALAFCO Conference – Sacramento in October 2019 and Staff Workshop in April 2020. May increase for Counsel attendance cost.				
619.198	Training & Education - Meals	565	0	300	(265)
	Corresponding meal reimbursement for conference attendance reduced.				
619.200	Travel – Mileage	3,000	196	2,000	(1,000)
	For attending conferences and special meetings, reduced based on historic usage.				
619.210	Legal Counsel Services	10,000	0	10,000	0
	Legal services are provided by County Counsel and Outside Counsel; not billed yet.				
619.222	LAFCO Consultant Services	62,300	43,225	69,300	6,000
	Executive Officer services at 35 hours/mo. approved in FY 2017-18. Propose increase of 50 hours (\$7,000) for support for MSR for County Service Areas (CSAs).				
619.226	Prof. Services: Public Works (Map/Legal review)	4,000	0	4,000	0

San Benito Local Agency Formation Commission
Proposed Budget for Fiscal Year 2019-20
Page 2

Object Code No.	Description	FY 2017-18 Adopted	As of 3/30/18	FY 2018-19 Proposed	Change
619.252	County GIS Contribution	9,000	0	1,796	(7,204)
	The Commission participates in the County GIS Program. The amount is provided by the County as the LAFCO share of annual Basic Maintenance Expense.				
619.101	Cost Allocation Plan	7,329	6,307	7,329	0
	County overhead for Auditor/Administration and related functions.				
TBD	Board Clerk Support	0	0	9,427	9,427
	Proposed reimbursement for Board Clerk performing LAFCO Clerk functions.				
645.704	Retire – Medical Insurance	10,000	6,615	10,000	0
	Medical insurance costs for former Executive Officer settlement.				
999.999	Contingency Reserve	20,000	0	20,000	0
	Contingency Reserve – remain at \$20,000 the amount was increased in FY 2016-17 by \$10,000 for emergencies/unanticipated costs. Funds only spent with prior Commission authorization.				
	Totals	134,610	59,460	141,497	6,887

Budget Performance Report

Date Range 07/01/18 - 03/31/19
 Include Rollup Account and Rollup to Base

Account	Account Description	Adopted Budget	Budget Amendments	Amended Budget	Current Month Transactions	Encumbrances	YTD Transactions	YTD Transactions	Budget - YTD Transactions	% Used/Rec'd
Fund 626 - LAFCo										
REVENUE										
Department 95 - Trust and Agency										
Division 7280 - LAFCo										
Program/Section/Activity 1000 - Administration										
Licenses, Permits and Franchises										
523	Licenses, Permits and Franchises Other	.00	.00	.00	.00	.00	6,980.00	6,980.00	(6,980.00)	+++
523.001	523 - Licenses, Permits and Franchises Totals	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$6,980.00	\$6,980.00	(\$6,980.00)	+++
Program/Section/Activity Totals										
Division 7280 - LAFCo Totals										
Department 95 - Trust and Agency Totals										
REVENUE TOTALS										
EXPENSE										
Department 95 - Trust and Agency										
Division 7280 - LAFCo										
Program/Section/Activity 1000 - Administration										
Services and Supplies										
619	Services and Supplies Membership Dues	.00	.00	.00	.00	.00	925.00	925.00	(925.00)	+++
619.166	Services and Supplies Postage and Delivery	.00	.00	.00	.00	.00	202.00	202.00	(202.00)	+++
619.172	Services and Supplies Office Supplies	.00	.00	.00	181.66	.00	181.66	181.66	(181.66)	+++
619.174	Services and Supplies Public and Legal Notices	.00	.00	.00	99.75	.00	296.00	296.00	(296.00)	+++
619.180	Services and Supplies Training	.00	.00	.00	275.52	.00	881.40	881.40	(881.40)	+++
619.194	Services and Supplies Lodging	.00	.00	.00	211.00	.00	631.00	631.00	(631.00)	+++
619.196	Services and Supplies Transportation	.00	.00	.00	41.31	.00	196.09	196.09	(196.09)	+++
619.200	Services and Supplies Other Consultants	.00	.00	.00	7,700.00	.00	43,225.00	43,225.00	(43,225.00)	+++
619.222	619 - Services and Supplies Totals	\$0.00	\$0.00	\$0.00	\$8,509.24	\$0.00	\$46,538.15	\$46,538.15	(\$46,538.15)	+++
Other Charges										
645	Other Charges Retiree Medical Insurance	.00	.00	.00	735.00	.00	6,615.00	6,615.00	(6,615.00)	+++
645.704	645 - Other Charges Totals	\$0.00	\$0.00	\$0.00	\$735.00	\$0.00	\$6,615.00	\$6,615.00	(\$6,615.00)	+++
Other Charges										
649	Other Charges Cost Plan	.00	.00	.00	2,102.25	.00	6,306.75	6,306.75	(6,306.75)	+++
649.101	649 - Other Charges Totals	\$0.00	\$0.00	\$0.00	\$2,102.25	\$0.00	\$6,306.75	\$6,306.75	(\$6,306.75)	+++
Program/Section/Activity Totals										
Division 7280 - LAFCo Totals										
Department 95 - Trust and Agency Totals										
EXPENSE TOTALS										
Fund 626 - LAFCo Totals										
REVENUE TOTALS										
EXPENSE TOTALS										
Fund 626 - LAFCo Totals										

Budget Performance Report

Date Range 07/01/18 - 03/31/19
 Include Rollup Account and Rollup to Base

Grand Totals																					
REVENUE TOTALS	.00	.00	.00	.00	.00	.00	.00	.00	.00	.00	6,980.00	(6,980.00)	+++								
EXPENSE TOTALS	.00	.00	11,346.49	.00	.00	59,459.90	(59,459.90)	+++													
Grand Totals	\$0.00	\$0.00	(\$11,346.49)	\$0.00	\$0.00	(\$52,479.90)	\$52,479.90														

Detail General Ledger Report

G/L Date Range 07/01/18 - 03/31/19
 Include Sub Ledger Detail
 Exclude Accounts with No Activity

G/L Date	Journal Number	Journal Type	Sub Ledger	Description/Project	Account	Source	Reference	Debit Amount	Credit Amount	Actual Balance
Payables Accounts Payable Totals Balance To Date: \$51,972.49 1,620.00 (1,620.00)										
10/10/2018	626.95.7280.1000.523.001	JE	RA	WF Receipt Deposit Batch 10.10.18	Licenses, Permits and Franchises Other	Collections		\$59,210.16	\$51,972.49	\$0.00
2019-00001381	2019-00001381									\$0.00
2019-00001717	2019-00001026			Receipt Description LAFCO Deposit		Received From Hollister Enterprise, LLC	03/01/2018	1,620.00	1,620.00	(1,620.00)
10/10/2018	2019-00001381	JE	RA	WF Receipt Deposit Batch 10.10.18		Collections		1,120.00	1,120.00	(2,740.00)
2019-00001718	2019-00001026			Receipt Description LAFCO Deposit Less than 50 AC		Received From Bates Stringer-Hollister II	05/18/2018	1,120.00	1,120.00	(1,120.00)
10/10/2018	2019-00001381	JE	RA	WF Receipt Deposit Batch 10.10.18		Collections		\$1,120.00	\$1,120.00	(\$1,120.00)
2019-00001719	2019-00001026			Receipt Description LAFCO Deposit Sphere of Inf Amend		Received From Bates Stringer-Hollister II	05/18/2018	1,000.00	1,000.00	(1,000.00)
11/28/2018	2019-00002147	JE	RA	WF Receipt Deposit Batch 11.28.18		Collections		\$0.00	\$3,740.00	(\$3,740.00)
2019-00002899	2019-00001713			Receipt Description Annex Appl Fee/Sphere of Inf Change Chappell Road Annexation		Received From Davidson Living Trust	11/26/2018	2,120.00	2,120.00	(5,860.00)
02/08/2019	2019-00003426	JE	RA	WF Receipt Deposit Batch 02.08.19		Collections		\$0.00	\$2,120.00	(\$5,860.00)
2019-00004864	2019-00002705			Receipt Description LAFCO Processing Fees Villalpando Annexation		Received From Jose Villalpando	02/05/2019	1,120.00	1,120.00	(1,120.00)
Month February 2019 Totals Account: Licenses, Permits and Franchises Other Totals \$0.00 \$6,980.00 (\$6,980.00)										

Detail General Ledger Report

G/L Date Range 07/01/18 - 03/31/19
 Include Sub Ledger Detail
 Exclude Accounts with No Activity

G/L Date	Journal Number	Journal Type	Sub Ledger	Description/Project	Source	Reference	Debit Amount	Credit Amount	Actual Balance
G/L Account Number	626.95.7280.1000.619.166			Services and Supplies Membership Dues	Accounts Payable			Balance To Date:	\$0.00
09/07/2018	2019-00000813	JE	AP	A/P Invoice Entry	Invoice Date 07/01/2018	Check	925.00		925.00
<i>Invoice Number</i>	<i>Vendor</i>			<i>Description</i>			<i>Payment Number</i>	<i>Amount</i>	<i>Distribution Amount</i>
2018-35	CALAFCO			18/19 LAFCO MEMBER DUES			25119	925.00	925.00
							Total	\$925.00	\$925.00
<p>Month September 2018 Totals</p> <p>Account Services and Supplies Membership Dues Totals</p>									
G/L Account Number	626.95.7280.1000.619.172			Services and Supplies Postage and Delivery	Accounts Payable			Balance To Date:	\$0.00
09/12/2018	2019-00000849	JE	AP	A/P Invoice Entry	Invoice Date 09/12/2018	Check	50.00		\$0.00
<i>Invoice Number</i>	<i>Vendor</i>			<i>Description</i>			<i>Payment Number</i>	<i>Amount</i>	<i>Distribution Amount</i>
9/12/2018	U.S. POSTMASTER			POSTAGE FOR HR, COB, AND LAFCO			25246	342.40	50.00
							Total	\$342.40	\$50.00
<p>Month September 2018 Totals</p> <p>Account Services and Supplies Postage and Delivery Totals</p>									
G/L Account Number	626.95.7280.1000.619.174			Services and Supplies Office Supplies	Accounts Payable			Balance To Date:	\$0.00
11/01/2018	2019-00001818	JE	AP	A/P Invoice Entry	Invoice Date 11/01/2018	Check	152.00		\$0.00
<i>Invoice Number</i>	<i>Vendor</i>			<i>Description</i>			<i>Payment Number</i>	<i>Amount</i>	<i>Distribution Amount</i>
11/01/2018	U.S. POSTMASTER			POSTAGE FOR LAFCO			27189	152.00	152.00
							Total	\$152.00	\$152.00
<p>Month November 2018 Totals</p> <p>Account Services and Supplies Postage and Delivery Totals</p>									
G/L Account Number	626.95.7280.1000.619.174			Services and Supplies Office Supplies	Accounts Payable			Balance To Date:	\$0.00
03/15/2019	2019-00003797	JE	AP	A/P Invoice Entry	Invoice Date 01/31/2019	Check	181.66		\$0.00
<i>Invoice Number</i>	<i>Vendor</i>			<i>Description</i>			<i>Payment Number</i>	<i>Amount</i>	<i>Distribution Amount</i>
013119REIMBURS E	WILLIAM R. NICHOLSON			LAFCO REIMBURSEMENT			31281	709.49	181.66
							Total	\$709.49	\$181.66
<p>Month March 2019 Totals</p> <p>Account Services and Supplies Public and Legal Notices Totals</p>									
G/L Account Number	626.95.7280.1000.619.180			Services and Supplies Office Supplies	Accounts Payable			Balance To Date:	\$0.00
07/27/2018	2019-00000347	JE	AP	A/P Invoice Entry	Invoice Date 07/20/2018	Check	106.25		\$0.00
<i>Invoice Number</i>	<i>Vendor</i>			<i>Description</i>			<i>Payment Number</i>	<i>Amount</i>	<i>Distribution Amount</i>
2018-294715	NEW SV MEDIA, INC.			LAFCO- FORMATION COMMISSION			24010	106.25	106.25
							Total	\$106.25	\$106.25
<p>Month July 2018 Totals</p> <p>Account Services and Supplies Office Supplies Totals</p>									
								\$0.00	\$0.00

Detail General Ledger Report

G/L Date Range 07/01/18 - 03/31/19
 Include Sub Ledger Detail
 Exclude Accounts with No Activity

G/L Date	Journal Number	Journal Type	Sub Ledger	Description/Project	Source	Reference	Debit Amount	Credit Amount	Actual Balance
G/L Account Number	626.95.7280.1000.619.180			Services and Supplies Public and Legal Notices	Accounts Payable			Balance To Date:	\$0.00
01/11/2019	2019-00002775	JE	AP	A/P Invoice Entry	12/14/2018	Check	90.00		196.25
<i>Invoice Number</i>	<i>Vendor</i>		<i>Description</i>		<i>Invoice Date</i>	<i>Payment Type</i>	<i>Payment Number</i>	<i>Amount</i>	<i>Distribution Amount</i>
2018-312070	NEW SV MEDIA, INC.		LAFCO		12/14/2018	Check	29309	90.00	90.00
							Total	\$90.00	\$90.00
03/01/2019	2019-00003738	JE	AP	A/P Invoice Entry	Accounts Payable	January 2019 Totals	\$90.00	\$0.00	\$196.25
					<i>Invoice Date</i>	<i>Payment Type</i>	<i>Payment Number</i>	<i>Amount</i>	<i>Distribution Amount</i>
2019-321016	NEW SV MEDIA, INC.		LAFCO- NSV 1908s 02-22-2019		02/18/2019	Check	31152	99.75	99.75
							Total	\$99.75	\$99.75
G/L Account Number	626.95.7280.1000.619.194			Services and Supplies Public and Legal Notices	Accounts Payable			Balance To Date:	\$296.00
12/31/2018	2019-00002493	JE	GL	M Ziman CALAFCO conf to LAFCO	01/31/2019	Check	605.88		\$0.00
							Total	\$605.88	605.88
03/15/2019	2019-00003797	JE	AP	A/P Invoice Entry	Accounts Payable	December 2018 Totals	\$605.88	\$0.00	\$605.88
					<i>Invoice Date</i>	<i>Payment Type</i>	<i>Payment Number</i>	<i>Amount</i>	<i>Distribution Amount</i>
013119REIMBURS E	WILLIAM R. NICHOLSON		LAFCO REIMBURSEMENT		01/31/2019	Check	31281	709.49	275.52
							Total	\$709.49	\$275.52
G/L Account Number	626.95.7280.1000.619.196			Services and Supplies Lodging	Accounts Payable			Balance To Date:	\$881.40
12/31/2018	2019-00002493	JE	GL	M Ziman CALAFCO conf to LAFCO	01/31/2019	Check	420.00		\$0.00
							Total	\$420.00	420.00
03/15/2019	2019-00003797	JE	AP	A/P Invoice Entry	Accounts Payable	December 2018 Totals	\$420.00	\$0.00	\$420.00
					<i>Invoice Date</i>	<i>Payment Type</i>	<i>Payment Number</i>	<i>Amount</i>	<i>Distribution Amount</i>
013119REIMBURS E	WILLIAM R. NICHOLSON		LAFCO REIMBURSEMENT		01/31/2019	Check	31281	709.49	211.00
							Total	\$709.49	\$211.00
G/L Account Number	626.95.7280.1000.619.196			Services and Supplies Lodging	Accounts Payable			Balance To Date:	\$631.00
12/31/2018	2019-00002493	JE	GL	M Ziman CALAFCO conf to LAFCO	01/31/2019	Check	631.00		\$0.00
							Total	\$631.00	\$631.00
03/15/2019	2019-00003797	JE	AP	A/P Invoice Entry	Accounts Payable	March 2019 Totals	\$211.00	\$0.00	\$631.00
					<i>Invoice Date</i>	<i>Payment Type</i>	<i>Payment Number</i>	<i>Amount</i>	<i>Distribution Amount</i>
013119REIMBURS E	WILLIAM R. NICHOLSON		LAFCO REIMBURSEMENT		01/31/2019	Check	31281	709.49	211.00
							Total	\$709.49	\$211.00

Detail General Ledger Report

G/L Date Range 07/01/18 - 03/31/19
 Include Sub Ledger Detail
 Exclude Accounts with No Activity

G/L Date	Journal Number	Journal Type	Sub Ledger	Description/Project	Source	Reference	Debit Amount	Credit Amount	Actual Balance
G/L Account Number 626.95.7280.1000.619.200 Services and Supplies Transportation 12/31/2018 2019-00002493 JE GL M Ziman CALAFCO conf to LAFCO									
03/15/2019	2019-00003797	JE	AP	A/P Invoice Entry	Accounts Payable		\$154.78	\$0.00	\$154.78
	013119REIMBURS			WILLIAM R. NICHOLSON	Invoice Date	01/31/2019	41.31		196.09
	E			LAFCO REIMBURSEMENT	Payment Type	Check		709.49	41.31
					Payment Number	31281			
					Distribution Amount				41.31
					Total		\$709.49		\$41.31
Month December 2018 Totals Accounts Payable \$154.78 Invoice Date 01/31/2019 \$41.31 Payment Type Check \$0.00 Payment Number 31281 \$0.00 Distribution Amount \$196.09									
Month March 2019 Totals Accounts Payable \$196.09 Invoice Date 08/13/2018 \$0.00 Payment Type Check \$0.00 Payment Number 24541 \$0.00 Distribution Amount \$196.09									
G/L Account Number 626.95.7280.1000.619.222 Services and Supplies Other Consultants 08/14/2018 2019-00000514 JE AP A/P Invoice Entry									
	2018-7			WILLIAM R. NICHOLSON	Invoice Date	08/13/2018	3,920.00		\$0.00
				JULY SERVICES	Payment Type	Check		3,920.00	\$0.00
					Payment Number	24541			3,920.00
					Distribution Amount				\$3,920.00
					Total		\$3,920.00		\$3,920.00
Month August 2018 Totals Accounts Payable \$3,920.00 Invoice Date 09/06/2018 \$0.00 Payment Type Check \$0.00 Payment Number 25145 \$0.00 Distribution Amount \$6,020.00									
Month September 2018 Totals Accounts Payable \$6,020.00 Invoice Date 10/15/2018 \$0.00 Payment Type Check \$0.00 Payment Number 26266 \$0.00 Distribution Amount \$6,020.00									
Month October 2018 Totals Accounts Payable \$4,025.00 Invoice Date 11/09/2018 \$0.00 Payment Type Check \$0.00 Payment Number 27383 \$0.00 Distribution Amount \$4,865.00									
Month November 2018 Totals Accounts Payable \$4,865.00 Invoice Date 11/09/2018 \$0.00 Payment Type Check \$0.00 Payment Number 27383 \$0.00 Distribution Amount \$4,865.00									

Detail General Ledger Report

G/L Date Range 07/01/18 - 03/31/19
 Include Sub Ledger Detail
 Exclude Accounts with No Activity

G/L Date	Journal Number	Journal Type	Sub Ledger	Description/Project	Source	Reference	Debit Amount	Credit Amount	Actual Balance
G/L Account Number 626.95.7280.1000.619.222 Services and Supplies Other Consultants									
12/10/2018	2019-00002309	JE	AP	A/P Invoice Entry	Accounts Payable		3,500.00	Balance To Date:	\$0.00
<i>Invoice Number</i>	<i>Vendor</i>			<i>Description</i>	<i>Invoice Date</i>	<i>Payment Type</i>	<i>Payment Number</i>	<i>Amount</i>	<i>Distribution Amount</i>
2018-11	WILLIAM R. NICHOLSON			NOVEMBER SERVICES	12/07/2018	Check	28248	3,500.00	3,500.00
							Total	\$3,500.00	\$3,500.00
01/04/2019									
	2019-00002662	JE	AP	A/P Invoice Entry	Accounts Payable		\$3,500.00	\$0.00	\$22,330.00
<i>Invoice Number</i>	<i>Vendor</i>			<i>Description</i>	<i>Invoice Date</i>	<i>Payment Type</i>	<i>Payment Number</i>	<i>Amount</i>	<i>Distribution Amount</i>
2018-12	WILLIAM R. NICHOLSON			DECEMBER SERVICES	01/04/2019	Check	29014	5,845.00	5,845.00
							Total	\$5,845.00	\$5,845.00
02/08/2019									
	2019-00003268	JE	AP	A/P Invoice Entry	Accounts Payable		\$5,845.00	\$0.00	\$28,175.00
<i>Invoice Number</i>	<i>Vendor</i>			<i>Description</i>	<i>Invoice Date</i>	<i>Payment Type</i>	<i>Payment Number</i>	<i>Amount</i>	<i>Distribution Amount</i>
2019-1	WILLIAM R. NICHOLSON			JANUARY SERVICES	02/08/2019	Check	30261	7,350.00	7,350.00
							Total	\$7,350.00	\$7,350.00
03/15/2019									
	2019-00003797	JE	AP	A/P Invoice Entry	Accounts Payable		\$7,350.00	\$0.00	\$35,525.00
<i>Invoice Number</i>	<i>Vendor</i>			<i>Description</i>	<i>Invoice Date</i>	<i>Payment Type</i>	<i>Payment Number</i>	<i>Amount</i>	<i>Distribution Amount</i>
2019-2	WILLIAM R. NICHOLSON			FEBRUARY SERVICES	03/14/2019	Check	31281	7,700.00	7,700.00
							Total	\$7,700.00	\$7,700.00
07/14/2018									
	2019-00000231	JE	AP	A/P Invoice Entry	Accounts Payable		\$7,700.00	\$0.00	\$43,225.00
<i>Invoice Number</i>	<i>Vendor</i>			<i>Description</i>	<i>Invoice Date</i>	<i>Payment Type</i>	<i>Payment Number</i>	<i>Amount</i>	<i>Distribution Amount</i>
2019-00000091	BUSINESSOLVER.COM, INC			2165 - EIA PPO PT*	07/14/2018	EFT	1708	735.00	735.00
							Total	\$576,889.00	\$735.00
08/25/2018									
	2019-00000590	JE	AP	A/P Invoice Entry	Accounts Payable		\$735.00	\$0.00	\$1,470.00
<i>Invoice Number</i>	<i>Vendor</i>			<i>Description</i>	<i>Invoice Date</i>	<i>Payment Type</i>	<i>Payment Number</i>	<i>Amount</i>	<i>Distribution Amount</i>
2019-00000265	BUSINESSOLVER.COM, INC			2165 - EIA PPO PT*	08/25/2018	EFT	1850	591,872.00	735.00
							Total	\$591,872.00	\$735.00
							Total	\$735.00	\$1,470.00
							Total	\$0.00	\$1,470.00

Detail General Ledger Report

G/L Date Range 07/01/18 - 03/31/19
 Include Sub Ledger Detail
 Exclude Accounts with No Activity

G/L Date	Journal Number	Journal Type	Sub Ledger	Description/Project	Source	Reference	Debit Amount	Credit Amount	Actual Balance
G/L Account Number 626.95.7280.1000.645.704 Other Charges Retiree Medical Insurance									
09/22/2018	2019-00001113	JE	AP	A/P Invoice Entry	Accounts Payable		735.00		\$0.00
	Vendor				Invoice Date	Payment Type	Payment Number	Amount	Distribution Amount
	BUSINESSOLVER.COM, INC			2165 - EIA PPO PT*	09/22/2018	EFT	2121	581,405.00	735.00
							Total	\$581,405.00	\$735.00
September 2018 Totals									
					Month		\$735.00	\$0.00	\$2,205.00
					Accounts Payable		735.00		2,940.00
	Vendor			Description	Invoice Date	Payment Type	Payment Number	Amount	Distribution Amount
	BUSINESSOLVER.COM, INC			2165 - EIA PPO PT*	10/20/2018	EFT	2269	587,034.00	735.00
							Total	\$587,034.00	\$735.00
October 2018 Totals									
					Month		\$735.00	\$0.00	\$2,940.00
					Accounts Payable		735.00		3,675.00
	Vendor			Description	Invoice Date	Payment Type	Payment Number	Amount	Distribution Amount
	BUSINESSOLVER.COM, INC			2165 - EIA PPO PT*	11/17/2018	EFT	2295	571,589.00	735.00
							Total	\$571,589.00	\$735.00
November 2018 Totals									
					Month		\$735.00	\$0.00	\$3,675.00
					Accounts Payable		735.00		4,410.00
	Vendor			Description	Invoice Date	Payment Type	Payment Number	Amount	Distribution Amount
	BUSINESSOLVER.COM, INC			2165 - EIA PPO PT*	12/15/2018	EFT	2449	616,928.00	735.00
							Total	\$616,928.00	\$735.00
December 2018 Totals									
					Month		\$735.00	\$0.00	\$4,410.00
					Accounts Payable		735.00		5,145.00
	Vendor			Description	Invoice Date	Payment Type	Payment Number	Amount	Distribution Amount
	BUSINESSOLVER.COM, INC			2165 - EIA PPO PT*	01/12/2019	EFT	2595	616,708.00	735.00
							Total	\$616,708.00	\$735.00
January 2019 Totals									
					Month		\$735.00	\$0.00	\$5,145.00
					Accounts Payable		735.00		5,880.00
	Vendor			Description	Invoice Date	Payment Type	Payment Number	Amount	Distribution Amount
	BUSINESSOLVER.COM, INC			2165 - EIA PPO PT*	02/10/2019	EFT	2739	623,135.00	735.00
							Total	\$623,135.00	\$735.00
February 2019 Totals									
					Month		\$735.00	\$0.00	\$5,880.00

Detail General Ledger Report

G/L Date Range 07/01/18 - 03/31/19
 Include Sub Ledger Detail
 Exclude Accounts with No Activity

G/L Date	Journal Number	Journal Type	Sub Ledger	Description/Project	Source	Reference	Debit Amount	Credit Amount	Actual Balance
03/09/2019	626.95.7280.1000.645.704	JE	AP	Other Charges Retiree Medical Insurance	Accounts Payable		735.00		\$0.00
	2019-00003761		AP	A/P Invoice Entry					6,615.00
				Vendor					
2019-00002121	BUSINESSOLVER.COM, INC			2165 - EIA PPO PT*	03/09/2019	EFT			
				Description					
							Payment Number	Amount	Distribution Amount
							2896	614,474.00	735.00
				Total				\$614,474.00	\$735.00
							Month	March 2019	Totals
				Account Other Charges Retiree Medical Insurance			\$735.00	\$0.00	\$6,615.00
09/30/2018	626.95.7280.1000.649.101	JE	GL	Other Charges Cost Plan			\$6,615.00	\$0.00	\$6,615.00
	2019-00002191		GL	Q1 Cost Plan Allocation					\$0.00
				Description					
							Balance To Date:	Amount	Distribution Amount
								2,102.25	2,102.25
12/31/2018	2019-00004049	JE	GL	Q2 Cost Plan Allocation 18/19			\$2,102.25	\$0.00	\$2,102.25
							2,102.25		4,204.50
03/31/2019	2019-00004051	JE	GL	Q3 Cost Plan Allocation 18/19			\$2,102.25	\$0.00	\$4,204.50
							2,102.25		6,306.75
				Account Other Charges Cost Plan			\$2,102.25	\$0.00	\$6,306.75
				Program/Section/Activity Administration			\$59,459.90	\$0.00	\$6,306.75
				Division LAFCo			\$166,442.73	\$166,442.73	
				Department Trust and Agency			\$166,442.73	\$166,442.73	
				Fund LAFCo			\$166,442.73	\$166,442.73	
				Grand Totals			\$166,442.73	\$166,442.73	

March 6, 2019

TO: Member LAFCos

Dear Member LAFCos:

Over the last several years the CALAFCO Board of Directors has continued to develop member services to meet the changing needs of LAFCo commissioners, staff and stakeholders. Over its 48-year existence, CALAFCO has matured from a volunteer organization to a professional educational organization.

At the CALAFCO Annual Meeting in Yosemite last fall, the Board explained that additional revenues must be raised to close the ongoing structural deficit, which the association has operated with since its inception. As many of you heard, CALAFCO has had an unhealthy reliance on Conference revenue to balance the budget which is not a sound fiscal practice. Approximately \$69,000 in additional revenue is needed next fiscal year just to close the structural deficit. Failing to close this deficit jeopardizes CALAFCO's ability to maintain the existing level of services provided.

During the regional roundtables at the 2018 Conference, members provided the Board valuable feedback about the structural deficit and the dues structure. At the Board's recent strategic planning workshop and meeting, they deliberated at length about these two matters. It is clear the current dues structure no longer reflects the diversity of our membership and our structural deficit continues to grow as core revenue does not meet operational expenses.

During the recent Board strategic planning workshop, the Board-appointed ad hoc financial committee (who have been meeting for more than a year) presented the Board several options to close the deficit and offered a recommendation. After long (almost half-day) discussion, followed by another round of discussions at the Board meeting the next day, the Board made two critical decisions.

The first decision is a short-term action strategy to close the structural deficit. The Board unanimously approved a one-time cost sharing option to close the structural deficit. This option will take effect FY 2019-20. The cost sharing option includes a 16.25% dues increase to all member LAFCos, which will generate an additional \$33,452. The other \$35,591 necessary to close the structural deficit will be covered by using a substantial portion of the net profit received from the 2018 Annual Conference.

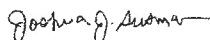
Just as important, the Board is committed to a long-term strategy of revising the current dues structure into a more sustainable and equitable model. As a result, the Board directed the ad hoc finance committee to bring a proposal to the Board at their May 10 meeting for a new dues structure to move the organization forward. This new dues structure will use the current FY 2018-19 dues as the baseline (rather than the increased dues for next FY).

A new dues structure requires the approval of the membership as it is a change in the Bylaws. It is the intention of the Board to place this item on the agenda for membership approval at the October 31, 2019 Annual Membership Business Meeting. Once the draft proposal is approved at its May 10 meeting, the Board will distribute the draft dues structure to the membership with ample time for review and discussion before the Annual Membership Business Meeting.

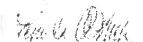
We understand raising dues at any time is a difficult proposition. Our work at CALAFCO strives to support the success and meet the needs of all member LAFCos, large and small. We are committed to continually enhancing the services of CALAFCO and fulfilling our mandate "to assist member LAFCos with educational and technical resources that otherwise would not be available." We hope you will agree when we discuss this at our annual membership meeting at this year's Conference.

We 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,



Josh Susman
Chair of the Board



Pamela Miller
Executive Director

Cc: CALAFCO Board of Directors
enclosures

CALAFCO LAFCo Dues FY 2019-2020

As adopted by the Board March 1, 2019

County	DOF Population Jan 2018	Category	2016-2017 Dues	7.0% Increase	2017-2018 Dues	2.9% Increase	2018-2019 Dues	16.25% Increase	2019-2020 Dues
ALAMEDA	1,660,202	Urban	8,107	567	8,674	252	8,926	1,450	10,376
ALPINE	1,154	Rural	840	59	899	26	925	150	1,075
AMADOR	38,094	Rural	840	59	899	26	925	150	1,075
BUTTE	227,621	Suburban	2,548	178	2,726	79	2,805	456	3,261
CALAVERAS	45,157	Rural	840	59	899	26	925	150	1,075
COLUSA	22,098	Rural	840	59	899	26	925	150	1,075
CONTRA COSTA	1,149,363	Urban	8,107	567	8,674	252	8,926	1,450	10,376
DEL NORTE	27,221	Rural	840	59	899	26	925	150	1,075
EL DORADO	188,399	Suburban	2,548	178	2,726	79	2,805	456	3,261
FRESNO	1,007,229	Urban	7,163	501	7,664	222	7,887	1,282	9,169
GLENN	28,796	Rural	840	59	899	26	925	150	1,075
HUMBOLDT	136,002	Suburban	2,548	178	2,726	79	2,805	456	3,261
IMPERIAL	190,624	Suburban	2,548	178	2,726	79	2,805	456	3,261
INYO	18,577	Rural	840	59	899	26	925	150	1,075
KERN	905,801	Urban	6,105	427	6,532	189	6,722	1,092	7,814
KINGS	151,662	Suburban	2,548	178	2,726	79	2,805	456	3,261
LAKE	65,081	Rural	840	59	899	26	925	150	1,075
LASSEN	30,911	Rural	840	59	899	26	925	150	1,075
LOS ANGELES	10,283,729	Urban	8,107	567	8,674	252	8,926	1,450	10,376
MADERA	158,894	Suburban	2,548	178	2,726	79	2,805	456	3,261
MARIN	263,886	Suburban	2,548	178	2,726	79	2,805	456	3,261
MARIPOSA	18,129	Rural	840	59	899	26	925	150	1,075
MENDOCINO	89,299	Rural	840	59	899	26	925	150	1,075
MERCED	279,977	Suburban	2,548	178	2,726	79	2,805	456	3,261
MODOC	9,612	Rural	840	59	899	26	925	150	1,075
MONO	13,822	Rural	840	59	899	26	925	150	1,075
MONTEREY	443,281	Suburban	3,446	241	3,687	107	3,794	617	4,411
NAPA	141,294	Suburban	2,548	178	2,726	79	2,805	456	3,261
NEVADA	99,155	Rural	840	59	899	26	925	150	1,075
ORANGE	3,221,103	Urban	8,107	567	8,674	252	8,926	1,450	10,376
PLACER	389,532	Suburban	2,548	178	2,726	79	2,805	456	3,261
PLUMAS	19,773	Rural	840	59	899	26	925	150	1,075
RIVERSIDE	2,415,955	Urban	8,107	567	8,674	252	8,926	1,450	10,376
SACRAMENTO	1,529,501	Urban	8,107	567	8,674	252	8,926	1,450	10,376
SAN BENITO	57,088	Rural	840	59	899	26	925	150	1,075
SAN BERNARDINO	2,174,938	Urban	8,107	567	8,674	252	8,926	1,450	10,376
SAN DIEGO	3,337,456	Urban	8,107	567	8,674	252	8,926	1,450	10,376
SAN FRANCISCO	883,963	Urban	6,481	454	6,935	201	7,136	1,160	8,296
SAN JOAQUIN	758,744	Suburban	5,297	371	5,668	164	5,832	948	6,780
SAN LUIS OBISPO	280,101	Suburban	2,548	178	2,726	79	2,805	456	3,261
SAN MATEO	774,155	Urban	5,864	410	6,274	182	6,456	1,049	7,505
SANTA BARBARA	453,457	Suburban	3,399	238	3,637	105	3,742	608	4,350
SANTA CLARA	1,956,598	Urban	8,107	567	8,674	252	8,926	1,450	10,376
SANTA CRUZ	276,864	Suburban	2,548	178	2,726	79	2,805	456	3,261
SHASTA	178,271	Suburban	2,548	178	2,726	79	2,805	456	3,261
SIERRA	3,207	Rural	840	59	899	26	925	150	1,075
SISKIYOU	44,612	Rural	840	59	899	26	925	150	1,075
SOLANO	439,793	Suburban	3,419	239	3,658	106	3,764	612	4,376
SONOMA	503,332	Suburban	3,879	272	4,151	120	4,271	694	4,965
STANISLAUS	555,624	Suburban	4,090	286	4,376	127	4,503	732	5,235
SUTTER	97,238	Rural	840	59	899	26	925	150	1,075
TEHAMA	64,039	Rural	840	59	899	26	925	150	1,075
TRINITY	13,635	Rural	840	59	899	26	925	150	1,075
TULARE	475,834	Suburban	3,323	233	3,556	103	3,659	595	4,254
TUOLUMNE	54,740	Rural	840	59	899	26	925	150	1,075
VENTURA	859,073	Urban	6,591	461	7,052	205	7,257	1,179	8,436
YOLO	221,270	Suburban	2,548	178	2,726	79	2,805	456	3,261
YUBA	74,727	Rural	840	59	899	26	925	150	1,075
TOTAL	39,809,693		\$187,012	\$13,091	\$200,103	\$5,803	\$205,906	\$33,452	\$239,358

CALAFCO BULLETIN

Membership Dues Increase Questions & Answers



Question: *What's the issue?*

Answer: The issue is that CALAFCO has operated for many years with a structural deficit. The structural deficit is defined as the member LAFCo dues do not cover the operational costs of the organization. The organization continues an unhealthy and unstable fiscal reliance on net profits from the Annual Conference and a year-end net balance carryover to balance the budget.

Question: *How did the structural deficit happen?*

Answer: For many, many years CALAFCO's member LAFCo dues have not covered the operational costs of the organization. Overall, the cost of doing business is increasing and we are not accounting for the additional inflow of sustainable revenue to keep up with rising costs and expansion of services. As a result, the deficit grows.

Question: *How has CALAFCO been able to sustain itself if the structural deficit has been ongoing?*

Answer: In previous years, the organization relied on Fund Reserves and Conference net profit. Recently we have been using Conference net profits and end-of-year savings (net balance) to avoid having to use reserves. However, for FY 2018-19, the Board adopted an unbalanced budget, relying on Fund Reserves for the first time in a long time.

As recently as FY 2004-05 the organization ended the year with a deficit. The dues restructuring beginning FY 2005-06 helped close a portion of the structural deficit. The Board has been successful over the past 12 years in building a healthy Fund Reserve. Today the Fund Reserve balance is \$162,754, which represents approximately 60% of the operating costs of the organization. Some years CALAFCO has a strong net profit on the Conference, which sustains the budget for a few years. Further, CALAFCO has been budgeting a Conference net profit much higher than policy calls for in order to balance the budget. Last year we did not meet that target and this year our Annual Conference was at one time in jeopardy of happening due to the fires in the area.

Question: *How was the cost sharing solution and dues increase developed?*

Answer: In October 2016 the Board formed an ad hoc finance committee (with equitable regional representation as well as urban-suburban-rural representatives). After 15 months of work the committee made recommendations to the Board at the recent strategic planning workshop. To close the structural deficit short-term, the committee provided the Board four (4) options. In addition, CALAFCO has been reducing costs with minimal to no impact to the level of service being provided wherever possible. After lengthy consideration, the Board unanimously approved a hybrid of one of the options. The approved option calls for a 16.25% increase from member LAFCos and the other portion of the deficit to be filled using net profits from the 2018 Annual Conference. These profits would have otherwise been budgeted for transfer to the Reserve Fund and/or used for special projects for the association.

As the cost-sharing strategy is a one-year only solution, the Board instructed the ad hoc committee to work on a long-term solution that calls for a revision of the current dues structure.

Question: *What is the current dues structure based on and will that change?*

Answer: The current dues structure is codified in the CALAFCO Bylaws and was approved by the membership in 2006. It is based on the county population categories by the California State Association of Counties (CSAC) as urban, suburban and rural. As stated above, the ad hoc committee is working on a new dues structure that goes beyond the current three (3) categories. It is anticipated the new structure will have more categories and will create greater equity in terms of the categories and their associated populations. The financial situation was discussed at the 2018 Annual Conference and in response to information gathered from the membership at the regional roundtables, the Board is intent on presenting all member LAFCos with a sustainable and equitable solution.

At its May 10 meeting the Board plans to review and discuss this new draft structure, then distribute the draft recommended dues structure to the membership with ample time for review and discussion before the Annual Membership Business Meeting on October 31, 2019. If approved at this Annual Business Meeting, the new dues structure would take effect FY 2020-21 and serve to finally close the structural deficit.

As directed by the Board, the baseline for the new dues structure will be the current FY 2018-19 dues amount. What this means for you is the lower amount of what your LAFCo is paying now (versus what you will pay in FY 2019-20) will be the minimum baseline for calculating the new dues.

Question: *How do we know there will not be more dues increases in the future?*

Answer: Of course no one can predict the future economy. The goal of the Board is to permanently close the structural deficit and it believes this two-part strategy will accomplish that. Further, setting sights into the future, the hope is eventually there is enough sustainable revenue to again increase member services.

Question: *Who can I talk to if I have questions?*

Answer: If you have questions you are encouraged to contact Pamela Miller, CALAFCO's Executive Director at pmiller@calafco.org or 916-442-6536. You can also contact the CALAFCO Board Chair Josh Susman at jsusman@calafco.org. You are highly encouraged to reach out to any of your regional Board members. All of their names and contact information can be found on the CALAFCO website at www.calafco.org.

INFORMATIONAL

6. Commissioner announcements and requests for future agenda items.

7. Executive Officer oral status report on pending proposals.

8. Adjourn to regular meeting at 5:00 pm on May 9, 2019, unless the meeting is changed based on Commission action or cancelled by the Chair.

