

CALIFORNIA STATE ASSOCIATION OF COUNTIES
EXECUTIVE COMMITTEE
October 11-12, 2012
Balboa Bay Club & Resort, Newport Beach, Orange County, CA

A G E N D A

Presiding: Mike McGowan, President

Thursday, Oct. 11

7:30am Buffet Breakfast

8:00am Review of CSAC Executive Director Resumes handout

9:00am Interviews Begin

12:00pm Working Lunch

4:30pm Adjourn for the Day

Friday, Oct. 12

8:30am Buffet Breakfast

9:00am PROCEDURAL ITEMS

1. Roll Call Page 1

2. Approval of Minutes of August 2, 2012 Page 2

9:05am SPECIAL SESSION

3. Update on CSAC Finance Corporation Programs Page 6
▪ *Mark Saladino, President, CSAC Finance Corp.*

9:45am ACTION ITEMS

4. Consideration of Distinguished Service & President Award Recipients Page 17
▪ *President McGowan*

5. Consideration of Circle of Service Award Nominees Page 21
▪ *Steve Keil, Interim Executive Director, CSAC*

6. Approval of Audited Financial Statements for FY 2011-12 Page 30
▪ *Supervisor Terry Woodrow, CSAC Treasurer*

7. Consideration of Request to Form a CSAC Latino Caucus Page 47
▪ *Steve Keil*

12:00pm WORKING LUNCH

12:30pm INFORMATION ITEMS

8. Review of CSAC Achievement Report for 2012 Page 57
▪ *Steve Keil*

9. Other Items

1:30pm ADJOURN

**CALIFORNIA STATE ASSOCIATION OF COUNTIES
EXECUTIVE COMMITTEE
2012**

President:	Mike McGowan, Yolo
1st Vice President:	David Finigan, Del Norte
2nd Vice President:	John Gioia, Contra Costa
Immed. Past President:	John Tavaglione, Riverside

Urban Section

Keith Carson, Alameda
Federal Glover, Contra Costa
Don Knabe, Los Angeles
John Moorlach, Orange
Liz Kniss, Santa Clara
Kathy Long, Ventura
Greg Cox, San Diego (alternate)

Suburban Section

Valerie Brown, Sonoma
Joni Gray, Santa Barbara
Henry Perea, Fresno
Bruce Gibson, San Luis Obispo (alternate)

Rural Section

John Viegas, Glenn
Terry Woodrow, Alpine
Susan Cash, Inyo (alternate)

Advisors

Matthew Hymel, Marin County Administrator
Charles McKee, Monterey County Counsel

CALIFORNIA STATE ASSOCIATION OF COUNTIES
EXECUTIVE COMMITTEE

August 2, 2012
CSAC Conference Center, Sacramento

MINUTES

Presiding: Mike McGowan, President

1. ROLL CALL

Mike McGowan, President	Greg Cox, San Diego, alternate
David Finigan, 1 st Vice Pres.	Valerie Brown, Sonoma
John Gioia, 2 nd Vice Pres.	Joni Gray, Santa Barbara
John Tavaglione, Immed. Past Pres.	Henry Perea, Fresno
Keith Carson, Alameda	Bruce Gibson, San Luis Obispo, alternate
Federal Glover, Contra Costa	John Viegas, Glenn (via audio)
Don Knabe, Los Angeles	Terry Woodrow, Alpine
John Moorlach, Orange	Susan Cash, Inyo, alternate
Kathy Long, Ventura	Charles McKee, Co. Counsel advisor

2. APPROVAL OF MINUTES

The minutes of April 19, 2012 were approved as previously mailed.

3. CONSIDERATION OF NOVEMBER 2012 BALLOT INITIATIVES

Proposition 30. Temporary Taxes to Fund Education. Guaranteed Local Public Safety Funding, Initiative Constitutional Amendment. This measure is very similar to the *Schools and Public Safety Protection Act of 2012*, except that the sales and use tax increase is $\frac{1}{4}$ cent instead of $\frac{1}{2}$ cent and the income tax rate for the top two brackets is raised by an additional .5 and 1 percent respectively. The income tax rate increases would remain in effect for 7 years instead of 5 years. A chart outlining the differences between the Governor's original measure and Proposition 30 was contained in the briefing materials.

Three CSAC policy committees – Administration of Justice, Government Finance and Operations, and Health & Human Services – each recommended a 'Support' position on Proposition 30.

Motion and second to support Proposition 30 and recommend that the CSAC Board of Directors adopt a 'Support' position. Motion carried (3 'no' votes).

Proposition 31. State Budget. State and Local Government. This measure establishes a two-year state budget cycle; prohibits the Legislature from creating expenditures of more than \$25 million unless offsetting revenues or spending cuts are identified; and permits the Governor to cut the state budget unilaterally during declared fiscal emergencies if Legislature fails to act.

An organization called *California Forward* is promoting the initiative. They have been working on far-reaching reforms to state and local governance for a number of years. CSAC's Government Finance & Operations policy committee recommended a 'Support' position on Proposition 31.

Motion and second to support Proposition 31 and recommend that the CSAC Board of Directors adopt a 'Support' position. Motion carried (5 'no' votes).

4. REQUEST FOR POSITION ON SB 703: BASIC HEALTH PLAN

Staff requested Executive Committee consideration of a position on SB 703: Basic Health Plan (BHP), which is currently in Assembly Appropriations Committee.

The Federal Affordable Care Act allows states to create a health care benefit program for individuals with income between 134% and 200% of the Federal Poverty Level that is outside of the Health Benefits Exchange. By enrolling these low income adults in health care coverage, supporters of SB 703 anticipate gains in overall health and reductions in uninsured and uncompensated care costs for county health systems and hospitals. Staff recommended a 'Support' position on the bill.

Motion and second to 'Support' SB 703. Motion carried (1 'no' vote and 1 abstention).

Staff was directed to make every effort to ensure that CSAC remains "at the table" during negotiations on this bill.

5. CSAC HIGH SPEED RAIL WORKING GROUP RECOMMENDATIONS

The CSAC Board of Directors established a Task Force on High-Speed Rail under the purview of the CSAC Housing, Land Use & Transportation Committee to review CSAC's position on High Speed Rail (HSR). In light of the Governor's recent signing of SB 1029, the bill that appropriates state and federal funds to begin construction of the initial operating segment through the Central Valley, the Task Force focused on issues related to implementation of the California HSR project.

Supervisor Efren Carrillo, Chair of the CSAC Housing, Land Use & Transportation policy committee, presented draft policies and priority issues as contained in the briefing materials. They address the following areas:

- Openness, Transparency & Accountability
- Robust Environmental Review
- Public Comment
- Conflicts with General Plans & Other Local Plans
- Direct and Indirect Economic Impacts
- Mitigation of Local Impacts
- Ongoing Funding for Capital, Operations & Maintenance

It was suggested that stronger language be included regarding communication between the HSR Authority and counties. In addition, the Executive Committee requested language related to utilizing existing regional rail systems and the need for the state to continue to maintain those existing rail systems be included.

Motion and second to support the recommendations of the CSAC High Speed Rail Task Force and recommend adoption by the Board of Directors.
Motion carried (1 'no' vote).

6. NATIONAL ASSOCIATION OF COUNTIES (NACo) REPORT

Supervisor Valerie Brown presented a report regarding the recent NACo annual conference held in Pittsburgh, PA. She noted that NACo President Chris Rodgers appointed several California supervisors to leadership positions including: Salud Carbajal from Santa Barbara as Chair of the Environment, Energy & Land Use Steering Committee; Hub Walsh from Merced County as Chair of the Human Services & Education Steering Committee; Scott Haggerty from Alameda County as Vice Chair of the Large Urban County Caucus; Efren Carrillo as a member of the NACo Board of Directors and the New Generation Task Force; and Keith Carson from Alameda as a member of the NACo Finance Committee.

Matt Chase has been named as the new NACo Executive Director. He will replace Larry Naake who recently announced his retirement. Supervisor Brown indicated that she was one of 20 candidates who applied for the position and was one of 3 finalists.

Los Angeles County recently submitted a proposal to host the 2016 NACo Annual Conference in Long Beach.

7. STATE/FEDERAL LEGISLATIVE UPDATE

Staff reported that there are four weeks left in the legislative session. Senator Steinberg has indicated that pension reform is a priority to be addressed before the end of the session. A summary of the Governor's 2012-13 budget, which was signed into law on June 27, was contained in the briefing materials. The State Department of Finance recently hired former CSAC Executive Director Steve Szalay to direct their Redevelopment Dissolution Unit.

Before recessing in August, Congress took action on federal legislation important to counties. Highlights include: a new long-term transportation reauthorization bill (MAP-21) which authorizes federal transportation investment through 2014; a dedicated federal funding stream for off-system bridges; reauthorization of the Secure Rural Schools and Community Self-Determination Act; and extension of funding for the PILT program through FY 2013.

Thirty-five members of the California congressional delegation sent a letter to the assistant secretary of the Army for Civil Works urging the Army Corps of Engineers to undertake a number of key revisions to its levee vegetation management

standards. In addition, Representative Matsui has introduced legislation that would require the secretary of the Army to undertake a comprehensive review of the Corps' policy guidelines on vegetation management for levees.

8. CSAC FINANCE CORPORATION REPORT

Nancy Parrish reported that Yuba CAO Robert Bendorf has been appointed to fill the vacant CAO position on the CSAC Finance Corporation Board of Directors. The Board's next meeting will be held on September 13 – 14, in San Diego County.

The Finance Corporation recently issued an RFP for a program to offer more affordable healthcare options for Medicare eligible county retirees. By partnering with a provider who offers one or more individual plans, the CSAC Finance Corporation seeks to offer significant savings to employers and/or retirees.

The State Auditor's Office has released the draft audit report of CSCDA which was requested by the State Treasurer. Initial findings are favorable. The final report will be issued in late August.

Staff was directed to provide detailed program descriptions and budget information related to the Finance Corporation. It was noted that the Finance Corp. would be providing an in-depth report during the CSAC Executive Committee Retreat in October. In addition, staff was directed to provide details on which companies have paid dues to the CSAC Corporate Associates program this year.

Meeting adjourned.

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2012-2013 Board of Directors**

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2012-2013 Board of Directors**

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CALIFORNIA STATE AUDITOR

Elaine M. Howle, State Auditor

FACT SHEET

Date: August 23, 2012

Report: 2011-118/2011-613

The California State Auditor released the following report today:

Conduit Bond Issuers

Issuers Complied With Key Bond Requirements, but Two Joint Powers Authorities' Compensation Models Raise Conflict-of-Interest Concerns

BACKGROUND

To provide financing for private businesses and nonprofit organizations to construct privately owned projects that benefit the public, more than 2,600 conduit revenue bonds totaling \$90 billion were issued from 2002 through 2011 by 153 public agencies in California. Eleven state agencies, including the California Health Facilities Financing Authority (Health Financing Authority), issued bonds totaling \$44 billion, the highest dollar volume over the nine-year period—nearly 50 percent. Twenty-two joint powers authorities—legally separate entities created by local governments for the purpose of issuing conduit revenue bonds—such as the California Statewide Communities Development Authority (California Communities) and the California Municipal Finance Authority (Municipal Finance), issued the next highest dollar volume during that time period, while local agencies issued the least amount of these bonds.

KEY FINDINGS

During our review of the business and compensation models of the Health Financing Authority, California Communities, and Municipal Finance, we noted the following:

- Unlike the Health Financing Authority or other public agencies, both California Communities and Municipal Finance rely wholly on private consulting firms to act as staff whose duties involve reviewing and making recommendations regarding bond issuances. The consulting firms receive a percentage of fees associated with each conduit revenue bond issued by the joint powers authorities—raising concerns under the State's conflict-of-interest laws.
 - ✓ One of the consulting firms received an average of \$9.9 million annually over a five-year period and the other, almost \$1 million per year.
 - ✓ The consultants are relying on a 1993 advice letter published by the Fair Political Practices Commission (FPPC) to support their position that they do not have a conflict of interest under the Political Reform Act of 1974 (reform act) when they act as staff on bond issuances. However, neither of these two joint powers authorities has sought independent legal advice on this matter directly from the FPPC.
 - ✓ No court has squarely addressed whether this compensation model violates either the reform act or other State conflict of interest laws, and we believe the legality of this practice is uncertain.
- These two joint powers authorities have used the same consultants since their inception—in 1988 and 2004, respectively—without periodically bidding out the contracts for these services and as a result, have less assurance that they are getting the best value from their consultants.
- The conduit bond issuers generally complied with key federal and state laws regulating the issuance of conduit revenue bonds, reporting requirements, and met other financial disclosures.

KEY RECOMMENDATIONS

We made various recommendations to the Legislature including that it should enact legislation that creates a clearly stated exemption to the reform act if it believes that the compensation model of the joint powers authorities is appropriate. If not, the Legislature should enact legislation that clearly prescribes or limits such a model. Further, we recommend that the FPPC adopt regulations that clarify whether its 1993 advice letter is intended to apply to the factual circumstances presented in this report. We also recommend that the joint powers authorities require the consulting firms that staff their organizations to disclose the amount and structure of compensation provided to individual consultants. Moreover, the joint powers authorities should periodically review and subject contracts to competitive bidding or other price comparisons.





CSCDA
CALIFORNIA STATEWIDE COMMUNITIES
DEVELOPMENT AUTHORITY

**For Immediate Release:
August 23, 2012**

**Contact:
Kathy Fairbanks (916) 443-0872**

California State Auditor Confirms California Communities has “issued tax-exempt conduit revenue bonds appropriately.”

California Communities also agrees with recommendations made by Auditor to clarify contracting practices.

Sacramento – In an exhaustive, year-long audit released today, the California Bureau of State Audits (the “Auditor”) found that the California Statewide Communities Development Authority (“California Communities”) has “issued tax-exempt conduit revenue bonds appropriately.”

The Auditor stated, *“With existing scrutiny and controls in place, it is not particularly surprising that we found that [California Communities] has issued tax-exempt conduit revenue bonds appropriately.”*

The audit, requested by the Joint Legislative Audit Committee last August, reviewed the operating practices of three bond issuers in California who assist local governments and private entities with access to tax-exempt bond financing for local projects such as hospitals, affordable housing, schools, and local infrastructure projects that provide a tangible social benefit.

The Auditor reviewed two joint powers authority conduit issuers (California Communities and the California Municipal Financing Authority) and the California Health Facilities Financing Authority operated by the California State Treasurer’s Office.

“We’re pleased, but not surprised that the Auditor found California Communities business practices to be in full compliance with the law,” said Larry Combs, Commission Chair, California Communities. “We’re very proud of California Communities positive 24 year track record of facilitating low cost financing to build community infrastructure, provide affordable housing, create jobs, and make quality healthcare and education accessible and available.”

The Auditor also indicated competition between conduit issuers was working well: *“We have no reason to believe that the private entities that use conduit financing cannot adequately identify the issuers that best suit their needs. Although there are no industry standards for issuers fees, any such standardization appears unnecessary. The market drives the fees issuers charge; borrowers may simply avoid conduit issuers attempting to charge more than they want to pay.”*

California Communities also agreed with each of the few recommendations made by the Auditor to clarify operations and contracting practices. California Communities’ response to the recommendations is included in the audit on can be found [here](#) or on page 55 of the audit.

Continued Combs, “The observations and the recommendations made will be helpful to us taking action where necessary to ensure any concerns identified are properly addressed. We seek every day to make California Communities the best run and most responsive conduit bond issuer in the country.”

“Our success was built by years of experience and by ensuring that the operations of the Commission and staff are fully transparent and accountable to our public member agencies, borrowers, taxpayers, and the entire investment community. We intend to continue that trend by using the independent feedback from the report to make it better still.”

About California Communities

California Communities’ mission is to provide local governments and private entities access to low-cost, tax-exempt financing for projects that provide a tangible public benefit, contribute to social and economic growth and improve the overall quality of life in local communities throughout California.

California Communities was created in 1988 through a joint powers authority as a public-private partnership sponsored by the League of California Cities and California State Association of Counties to serve its member cities and counties. California Communities is managed by an independent board of directors appointed by elected city and county officials, and contracts program management services to an outside contractor. All financings considered by California Communities must first be approved by the local agency where the project exists in a public and open meeting. The structure of this public private partnership shifts the operating costs and economic risks to the outside contractor, not the taxpayers or member agencies, per a contractual fee agreement with California Communities.

With its more than 500 local government members, California Communities has built a successful track record of helping local governments finance high quality public benefit projects, issuing more than \$49 billion for the construction, equipping, rehabilitation, or modernization of community-approved projects since 1988, including:

- 54,191 very-low and low-income affordable housing units for 493 multifamily and 126 senior housing projects
- 250 nonprofit hospital and medical facilities
- 107 skilled nursing, assisted living, and continuing care facilities
- 171 independent K-12 and higher education facilities
- 19 solid waste disposal and alternative energy facilities
- 125 manufacturing facilities creating an estimated 10,000 new jobs in California
- 161 various public benefit facilities, including research institutes, care centers for developmentally disabled and terminally ill persons, drug and alcohol rehabilitation clinics, student housing projects, job training / placement facilities, and community and youth centers.

For more information about California Communities, visit www.cacommunities.org



Memo to: NACo Financial Services Corporation Board of Directors
From: Peter Torvik, Lisa Cole, David Keen
Re: New NRS Agreement Summary
Date: August 13, 2012

Agreement Summary

NACo and Nationwide Retirement Solutions have reached agreement to continue their long-standing relationship that offers a Section 457 Deferred Compensation Program to county employees.

This memo summarizes features of the agreement between NACo and NRS. The state associations comply with the NACo RMA LLC requirements and obligations.

Term:

- 9 years starting January 1, 2012
- NACo has a unilateral cancellation option for convenience at the end of three years
- Either party can cancel at the end of six and nine years

Scope:

- The agreement covers the Section 457 Program at the county government level only. County government is defined as a political entity that is a member of or eligible to be a member of NACo or any department, agency or creation of government directly related to such entity.
- State level plans that include county employees are excluded
- All other retirement products (401a, IRAs, PEHP, etc.), currently under an FSC contract, are not included but may be added in the future by mutual agreement
- NRS has served notice that it is cancelling (although it has not officially cancelled) the existing FSC contract for all other retirement products

Requirements of NACo:

- Continue to comply with requirements of Dodd Frank Act as long as they apply
- "Solicit" counties to offer Program with materials provided by Nationwide and in compliance with RMA disclosure and other requirements

- Access to conferences and meetings:
 - Nationwide representatives can attend NACo conferences, conduct workshops, and will appear on signage as sponsors;
 - NACo is also to encourage counties to invite NRS representatives to appear at county meetings
- State Associations
 - Help NRS in relationships with state associations
- Market and competitive analysis to include:
 - Annual review of the fixed annuity contract for competitiveness – Nationwide must be in the top four of identified competitors
- Disclose this Agreement and its compensation to all county governments and the general public
- Publications
 - NACo will run at least 13 articles and advertisements (provided by NRS) that support the Program annually
 - RMA LLC will distribute Nationwide-prepared promotional and marketing materials
- Prohibited activities
 - RMA LLC, its Affiliates and Associated Persons shall not directly or indirectly engage in the offer or sale of particular products or services that compete with the 457 Program
 - “Additionally, RMA LLC, its Affiliates and Associated Persons are not authorized to and shall not (i) make any product or investment recommendations to existing or prospective clients; (ii) give any investment advice on their own behalf or on behalf of Nationwide; or (iii) accept any clients on behalf of Nationwide, in each case, in connection with services rendered under this Agreement. Nationwide does not have any responsibility to accept any prospective client referred to Nationwide by RMA LLC.

Restrictions on NACo:

- NACo may not contract with another party for services covered under the agreement
 - NACo is free to work with NRS or other parties – after NRS is offered the “right of first approval” – to develop new retirement products
- As in the past, NACo cannot do anything that discredits or harms the 457 Program

Requirements of Nationwide

- Provide all promotional materials for publication and distribution
- “Prior to the commencement of each calendar year, Nationwide shall disclose to RMA LLC (i) the minimum rate to be paid to participants in respect of fixed portions of the Annuity Contracts for the next succeeding calendar year and (ii) prior to the commencement of each calendar quarter, the rate to be paid to participants in respect of fixed portions of the Annuity Contracts for the next succeeding calendar quarter, which quarterly rate shall in no event be lower than the rate disclosed by Nationwide pursuant to clause (i) above unless altered pursuant to the terms of the Annuity Contracts.”
- “Upon request by RMA LLC, Nationwide shall disclose to RMA LLC, as applicable, in reasonable detail all fees and charges which are generally assessed under the County Government Programs, unless such disclosure is expressly prohibited by law, judicial process or contract. RMA LLC shall have the right to receive any such information semi-annually.”

- Cooperate with NACo in market and competitive analyses
- Give notice to NACo of changes to County Programs at least 14 days prior to their offering. All Program changes will apply uniformly unless otherwise disclosed.
- Provide reports within 30 days of the end of each calendar quarter

For future offerings

“The Parties agree to consult with each other regarding potential offerings of new programs or plans, which will be made available to County Governments in the future. During the term of this Agreement, before any NACo Entity may contract with or receive payment from another provider for such new program or plan, NRS or Nationwide Life shall first have the opportunity for ninety (90) days following receipt of a request for proposal from any NACo Entity to reach agreement, in writing, with the NACo Entity to offer the program or plan under terms and subject to conditions mutually acceptable to the Parties. Unless otherwise specified in the writing establishing the agreement of the Parties under this Section 14, the compensation paid to the NACo Entities in connection with any new program or plan shall be paid in accordance with Schedule A of this Agreement. Should the Parties not reach a mutual agreement during such ninety (90)-day period, as may be extended by a NACo Entity in its sole discretion, the NACo Entity shall be entitled to reach agreement with a third party with respect to such program or plan, provided that nothing herein shall be construed as waiving or otherwise altering the provisions set forth in Section 17.”

Fee Schedule

NRS shall make payments to the NACo Entities in accordance with this Exhibit and the schedule of payments as follows:

1. Fixed Fee.

<u>Calendar Year</u>	<u>Amount Due</u>
2012	\$7,800,000.00
2013	\$6,500,000.00
2014	\$5,500,000.00
2015	\$5,000,000.00
2016	\$3,600,000.00
2017	\$3,600,000.00
2018	\$3,600,000.00
2019	\$3,600,000.00
2020	\$3,600,000.00

2. Performance Fee. The Performance Fee is to begin on January 1, 2015 and will be 2 basis points annually on net growth in assets over and above the balance on December 31, 2011.

NACo RMA LLC

Distributions to Participating Members

(Based on NRS Payment Schedule and estimated LLC expenses)

Participating State Associations	Dist %	2012	2013	2014
Association of County Commissions of Alabama	1.34%	\$ 45,705.86	\$ 36,821.66	\$ 29,987.66
Arizona Association of Counties	4.86%	165,769.01	133,547.21	108,761.21
Association of Arkansas Counties	0.38%	12,961.36	10,441.96	8,503.96
California State Association of Counties Finance Corporation	15.60%	532,098.06	428,670.06	349,110.06
Colorado Counties, Inc.	1.16%	39,566.27	31,875.47	25,959.47
Delaware Association of Counties	0.15%	5,116.33	4,121.83	3,356.83
Florida Association of Counties	18.20%	620,781.07	500,115.07	407,295.07
Idaho Association of Counties	0.34%	11,597.01	9,342.81	7,608.81
Illinois Counties Association	7.63%	260,250.53	209,663.63	170,750.63
Association of Indiana Counties	0.85%	28,992.52	23,357.02	19,022.02
Iowa State Association of Counties	0.52%	17,736.60	14,289.00	11,637.00
Kansas Association of Counties	0.30%	10,232.66	8,243.66	6,713.66
Kentucky Association of Counties	0.30%	10,232.66	8,243.66	6,713.66
Police Jury Association of Louisiana	3.33%	113,582.47	91,504.57	74,521.57
Association of Minnesota Counties	3.80%	129,613.63	104,419.63	85,039.63
Maryland Association of Counties	3.67%	125,179.48	100,847.38	82,130.38
Massachusetts Association of County Commissioners	0.16%	5,457.42	4,396.62	3,580.62
Michigan Association of Counties	4.60%	156,900.71	126,402.71	102,942.71
Missouri Association of Counties	0.54%	18,418.78	14,838.58	12,084.58
Montana Association of Counties	0.28%	9,550.48	7,694.08	6,266.08
Nebraska Association of County Officials	0.17%	5,798.50	4,671.40	3,804.40
Nevada Association of Counties	0.12%	4,093.06	3,297.46	2,685.46
New Hampshire Association of Counties	0.18%	6,139.59	4,946.19	4,028.19
New Jersey Association of Counties	3.69%	125,861.66	101,396.96	82,577.96
New Mexico Association of Counties	0.30%	10,232.66	8,243.66	6,713.66
New York State Association of Counties	1.74%	59,349.40	47,813.20	38,939.20
North Dakota Association of Counties	0.60%	20,465.31	16,487.31	13,427.31
Association of County Commissioners of Oklahoma	0.65%	22,170.75	17,861.25	14,546.25
Association of Oregon Counties	0.60%	20,465.31	16,487.31	13,427.31

County Commissioners Association of Pennsylvania	2.19%	74,698.38	60,178.68	49,009.68
South Dakota Association of County Commissioners	0.15%	5,116.33	4,121.83	3,356.83
Tennessee Counties Services Association	2.52%	85,954.30	69,246.70	56,394.70
Texas Association of Counties	5.58%	190,327.38	153,331.98	124,873.98
Virginia Association of Counties	1.59%	54,233.07	43,691.37	35,582.37
Washington State Association of Counties	1.85%	63,101.37	50,835.87	41,400.87
West Virginia Association of Counties	0.26%	8,868.30	7,144.50	5,818.50
Wisconsin Counties Association	3.60%	122,791.86	98,923.86	80,563.86
	93.80%	\$ 3,199,410.14	\$ 2,577,516.14	\$ 2,099,136.14

States without Participating State Associations

Alaska	0.11%	3,751.97	3,022.67	2,461.67
Georgia	2.40%	81,861.24	65,949.24	53,709.24
Mississippi	0.09%	3,069.80	2,473.10	2,014.10
North Carolina	2.30%	78,450.36	63,201.36	51,471.36
Utah	0.40%	13,643.54	10,991.54	8,951.54
Vermont	0.90%	30,697.97	24,730.97	20,140.97
	6.20%	\$ 211,474.88	\$ 170,368.88	\$ 138,748.88

100.00%	\$ 3,410,885.02	\$ 2,747,885.02	\$ 2,237,885.02
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California Sales By County

Rank	County	Sales	Rank	County	Sales
1	Los Angeles	\$8,558,787.45	30	Tehama	\$73,769.13
2	Tulare	\$1,114,807.74	31	Humboldt	\$47,939.29
3	Alameda	\$1,068,517.28	32	Butte	\$45,330.09
4	Orange	\$950,589.63	33	Madera	\$37,267.28
5	Contra Costa	\$936,051.74	34	Shasta	\$37,229.86
6	Santa Barbara	\$855,496.59	35	Yolo	\$33,686.25
7	San Bernardino	\$823,425.19	36	Siskiyou	\$24,831.52
8	San Diego	\$761,724.09	37	El Dorado	\$17,027.90
9	Ventura	\$657,605.88	38	San Joaquin	\$15,305.33
10	Riverside	\$613,454.31	39	Sutter	\$13,001.67
11	Fresno	\$562,964.89	40	Lake	\$6,980.15
12	Merced	\$355,081.41	41	Calaveras	\$6,879.35
13	Stanislaus	\$333,722.31	42	Mariposa	\$5,221.38
14	Sonoma	\$318,378.11	43	Colusa	\$2,646.54
15	Marin	\$317,623.86	44	San Benito	\$2,335.36
16	Santa Clara	\$258,503.38	45	Glenn	\$1,629.96
17	Kern	\$230,478.34	46	Lassen	\$846.94
18	Monterey	\$225,276.45	47	Amador	\$393.74
19	Sacramento	\$211,332.45	48	Alpine	\$380.97
20	Placer	\$201,950.68	49	Sierra	\$365.07
21	San Mateo	\$193,035.17	50	Mono	\$198.15
22	Santa Cruz	\$161,566.57	51	Trinity	\$192.98
23	Imperial	\$161,048.27	52	Plumas	\$87.07
24	San Luis Obispo	\$160,912.71	53	Modoc	\$24.80
25	Inyo	\$138,492.42	54	San Francisco	\$14.91
26	Solano	\$116,105.81	55	Nevada	\$0.00
27	Kings	\$115,727.85	56	Mendocino	\$0.00
28	Napa	\$92,622.67	57	Del Norte	\$0.00
29	Yuba	\$91,498.30	58	Tuolumne	\$0.00





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Date: September 25, 2012
To: CSAC Executive Committee
From: Steve Keil, Interim Executive Director
Re: Distinguished Service Award Recipient Recommendation for 2012

Each year the Executive Committee is asked to select a recipient for the CSAC Distinguished Service Award which is presented during the CSAC annual conference. This award is given to the person or persons who have made the greatest contribution to the improvement of government in California, particularly as it relates to county government.

A list of past recipients is attached for your reference, as well as list of President's Award recipients.

For 2012, staff is recommending the following nominee for your consideration. You are welcome to select a different recipient if you so choose.

Jacob Appelsmith
Senior Advisor to Governor Brown

Mr. Appelsmith has met with counties on numerous occasions over the past year to discuss tribal gaming, state-tribal-local government relationships, state-tribal gaming compacts, and the federal fee-to-trust process, to name a few. Wearing multiple hats for Governor Brown, Mr. Appelsmith has always spent a generous amount of time with CSAC representatives including President Mike McGowan. Extremely knowledgeable and educated about county issues with tribal gaming, he welcomed our feedback and suggestions for future state-tribal compacts and always gave us a frank assessment of where the Governor stood on particular issues. Mr. Appelsmith continues to influence critical decisions consistent with our policy and provide CSAC with an open door for productive and regular conversations on these important issues.

Distinguished Service Award	
2011	
Peter Detwiler	Former Consultant, Senate Local Government Committee
2010	
Tony Oliveira	Kings County Supervisor
Valerie Brown	Sonoma County Supervisor
Roy Ashburn	Senator
Juan Arambula	Assembly Member
Dan Wall	Los Angeles County Legislative Advocate
2009	
No Award Given	
2008	
Diane Cummins	Chief Fiscal Policy Advisor, Office of Senate President Pro Tempore
Casey Kaneko	Executive Director, Urban Counties Caucus
Darrell Steinberg	Senator, President Pro Tem
2007	
Jim Tilton	California of Corrections and Rehabilitation
Will Kempton	California Department of Transportation
Roger Niello	Assembly Member
Ellen Corbett	Senator
2006	
Don Perata	Senator
Bob Dutton	Senator
Wes Chesbro	Senator
Joseph Dunn	Senator
Bruce McPherson	Secretary of State
2005	
Denise Ducheny	Senator
Hector De La Torre	Assembly Member
Pat Dando	Office of Governor Schwarzenegger
Terry Watt	Planning Consultant, California Environmental Protection Agency
2004	
Tom Torlakson	Senator
Jackie Speier	Senator
Cassandra Pye	Office of Governor Schwarzenegger
2003	
Herb Wesson	Assembly Speaker
John Laird	Assembly Member
Steve Westly	State Controller
Joe Canciamilla	Assembly Member
Keith Richman	Assembly Member
2002	
Betty Yee	Chief Deputy of the State Department of Finance

Darrell Steinberg	Assembly Member
Dick Dickerson	Assembly Member
Maurice Johannessen	Senator
Alan Lowenthal	Assembly Member
2001	
Tom Torlakson	Senator
Kevin Murray	Senator
Charles Poochigian	Senator
John Dutra	Assembly Member
Dean Florez	Assembly Member
George Runner	Assembly Member
2000	
Dion Aroner	Assembly Member
1999	
John Burton	Senator
1998	
Bill Leonard	Assembly Member
1997	
Pete Wilson	Governor of California
Bill Lockyer	Senator
Curt Pringle	Assembly Member
Martha Escutia	Assembly Member
1996	
William Hauck	Chairman, California Constitution Revision Commission
1995	
No Award Given	
1994	
Elizabeth Hill	Legislative Analyst
1993	
Patrick Johnston	Senator
1992	
John Vasconcellos	Assembly Member
1991	
Barbara Shipnuck	Monterey County Supervisor
Sunne McPeak	Contra Costa Supervisor
Clark Channing	Merced County Administrative Officer
1990	
Russ Gould	Director, California State Department of Finance

President's Award	
2011	
Jerry Brown	Governor, State of California
2010	
Ron George	Chief Justice
2009	
Lois Wolk	Senator
2008	
Arnold Schwarzenegger	Governor, State of California
2007	
Steve Keil	CSAC Staff
2006	
Cynthia Bryant	Gov., Schwarzenegger's Chief Deputy Leg. Secretary
Sunne McPeak	Secretary of Business, Transportation and Housing Agency
2005	
Dianne Feinstein	United States Senator
2004	
Arnold Schwarzenegger	Governor, State of California
2003	
DeDe Alpert	Senator
2002	
Bill & Pat Dennison	Supervisor Plumas County
Pat Leary	CSAC Staff
2001	
Dave Cox	Assembly Member
Justice Daniel Kremer	Chair, Gov. Trial Court Facilities Task Force
2000	
Dede Alpert	Senator
John Burton	Senator
1999	
Steve Peace	Senator
John Longville	Assembly Member
1998	
Helen Thomson	Assembly Member
1997	
Phil Isenberg	Assembly Member
Tom Torlakson	Assembly Member
Dick Sweeney	Assembly Member
1996	
Victor Pottorff	CSAC Staff
1991	
Pete Wilson	California Governor



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Date: September 25, 2012
To: CSAC Executive Committee
From: Steve Keil, Interim Executive Director
Re: Circle of Service Award Recipient Recommendations for 2012

CSAC staff has developed a list of ten individuals who we believe are deserving of the Circle of Service Award this year. This award was created to recognize county officials, department directors, staff, Corporate Associates and other CSAC members whose service to CSAC and counties sets them apart. You are welcome to choose from this list or select your own recipients for this award.

Patrick Blacklock

Yolo County Administrative Officer

Patrick is Chair of the CAO's Pension Task Force. He chaired several meetings throughout the year to steer the development of CSAC's updated Guiding Principles for Pension Reform. He was available and supportive to staff and provided regular consultation regarding pension reform proposals.

Veronica Ferguson

Sonoma County Administrative Officer

Veronica chaired a subcommittee of the Pension Task Force on issues specific to 1937 Act counties. Veronica was critical to the development of pension reform proposals for 1937 Act counties and to helping staff ensure that pension reform was not provided only to counties that participate in CalPERS.

Walt Ekard

San Diego County Chief Administrative Officer

During the past year, Walt served on the CAOAC Realignment Allocation Committee, and previously was a member of the CSAC Parole Realignment Task Force. Under Walt's tenure as chief administrator, San Diego County has been very innovative in its programming and approach to delivering services. Time and time again the County has shown itself to be forward thinking and proactive. Walt will be stepping down from his position on Dec. 1

Susan Adams

Marin County Supervisor

Supervisor Adams has assisted CSAC in numerous areas over the years. She has been actively involved in a number of Association areas, including health and human services, medical marijuana, agriculture and natural resources, the CSAC Institute, as well as NACo. Supervisor Adams has also served on the CSAC Board of Directors for a number of years.

Tim Snellings

Butte County Department of Development Services

Tim coordinated a working group with a variety of stakeholders including CSAC to write the California County Planning Directors Association Solar Energy Facility Permit Streamlining Guide and Model Solar Energy Facility Ordinance. Tim was also a key contributor to the Solar Energy Planning Guide published by the Governor's Office of Planning and Research. He has also been a reliable source of technical input on a wide range of proposed legislation.

Jennifer Henning

County Counsels Association of California Executive Direction

Jennifer provided unparalleled support and guidance to CSAC through a challenging year. Her able assistance in evaluating and drafting constitutional language to provide revenue and program protections for 2011 realignment enabled CSAC to continue to work toward its top priority. Further, Jennifer's unfailing willingness to assist and to facilitate discussions with county counsels throughout the state has provided significant guidance and assistance to CSAC in addressing issues of statewide importance. Jennifer was also instrumental in drafting and editing important pieces of legislation, including the realignment fiscal superstructure.

William McClure

Los Angeles County Retiree

Bill works part time for the Los Angeles County Risk Management Branch in the CEO's office. Bill is an expert in workers' compensation law and has provided CSAC staff with invaluable input into workers' compensation legislation for many years by participating in monthly conference calls. Bill was instrumental in the last couple of weeks of the legislative session providing staff with analysis and comment on a complicated workers' compensation reform package that was introduced and passed within days of the end of session.

Mike Penrose

Sacramento County Director of Transportation

Mike has been invaluable to CSAC staff over the past year. Mike, who serves as Chair of the CEAC (County Engineers Association of California) Transportation Committee, provided a significant amount of his time and technical expertise to CSAC staff during

negotiations on several legislative proposals. He also chaired two important working groups tasked with developing potential new revenue streams for transportation and dealing with disaster assistance for counties. He has also been invaluable this past year assisting staff on budget issues, testifying before committees and providing critical input on other efforts including CEQA reform, road commissioner authority, and transportation funding.

Howard Dashiell

Mendocino County Director of Transportation

Howard has dedicated his time over the past few years on two important efforts for California's counties. First, on legislation that threatened a county's ability to use their own work force for transportation projects, Howard attended a number of committee hearings and meetings with the author and sponsors as well as developed materials for CSAC staff to use in our advocacy efforts on this highly technical policy issue. Howard continues to support staff as CSAC works on implementation of the legislation, which was significantly less harmful to counties as a direct result of his work. Secondly, Howard has championed the issue of utility undergrounding projects. He is currently leading a group of county engineers to work with PG&E and other utilities to ensure effectiveness and efficiency in delivery of these important projects.

Jeanette Ishii

Premier Corporate Partner

Pacific Gas & Electric Company

Jeanette Ishii is a dedicated professional who understands California counties. She previously worked for Fresno County and now is our key contact at PG&E. We have collaborated with Jeanette to increase and improve PG&E's relationship with CSAC and our members in a number of ways. Most notably, Jeanette was key in setting up meetings this summer with several rural counties who were having difficulties working with the utility to access Rule 20 funds for underground electric utility projects. Several counties were so frustrated by the process they were planning to send a letter to the CPUC asking them to intervene. However, after Jeanette engaged the appropriate decision makers at PG&E to meet with our folks, those impacted were able to voice their concerns and begin to work towards a solution.

We have also attached a list of previous Circle of Service Award winners for your reference.

Circle of Service Awards	
2011	
Bryan Barr	2011 CSAC Corporate Associates President
Larry Combs	Merced County Executive Officer
Diane Cummins	Special Advisor, Governor Brown
David Finigan	Del Norte County Supervisor
Mike Johnson	Retired Solano County Administrator
Pat Leary	Yolo County Assistant County Administrator
Ana Matosantos	Director, Department of Finance
Susan Mauriello	Santa Cruz County Administrative Officer
Nancy McFadden	Executive Secretary, Governor Brown
Mark Pazin	Merced County Sheriff
Linda Penner	Fresno County Chief Probation Officer
Rick Robinson	Stanislaus County Chief Executive Officer
Donna Vaillancourt	San Mateo County Director of Human Services
	CSAC Legislative Staff
2010	
Rich Gordon	San Mateo County Supervisor
Roger Dickinson	Sacramento County Supervisor
Mike McGowan	Yolo County Supervisor
Greg Cox	San Diego County Supervisor
Helen Thomson	Yolo County Supervisor
Kathy Long	Ventura County Supervisor
Matt Rexroad	Yolo County Supervisor
Jane Dolan	Butte County Supervisor
Liz Kniss	Santa Clara County Supervisor
Tom Ford	CSAC Finance Corporation President
Michael Brown	Santa Barbara County Executive Officer
William McIntosh	Retired Lassen County Public Works Director (In Memoriam)
Verne Davis	Retired Merced County Public Works Director (In Memoriam)
John Sansone	San Diego County Counsel
Steven Woodside	Sonoma County County Counsel
Bruce Goldstein	Sonoma County Assistant County Counsel
Graham Knaus	Director of Administrative Services, Placer County Health and Human Services Department
Kirk Kleinschmidt	Kaiser Permanente, Corporate Associates President

2009	
Terry Woodrow	Alpine County Supervisor
Mary McMillan	San Mateo Deputy County Manager
Bob Fisher	CSAC Corporate Associates President
Pat DeChellis	Los Angeles County Deputy Public Works Director
	Contra Costa Public Works Department
	Santa Barbara County Public Works Department
2008	
Jeff Morris	Trinity County Supervisor
Connie Conway	Tulare County Supervisor and former CSAC President
Harry Ovitt	San Luis Obispo County Supervisor and former CSAC President
Tim Smith	Sonoma County Supervisor and former CSAC President
Matt Rexroad	Yolo County Supervisor
John Tavaglione	Riverside County Supervisor
Diane Dillon	Napa County Supervisor
John Gioia	Contra Costa County Supervisor
John Silva	Solano County Supervisor
Stephen L. Weir	Contra Costa County Clerk-Recorder
Michele Vercoutare	Court Facility Transfer Coordinator, Los Angeles County Chief Executive Office
Stuart Wells	Franchise & Fees Manager, The Gas Company/SDG&E Sempra Energy Utilities
Andy Morgan	Vanir Construction Management
Michael Rattigan	Santa Clara County Lobbyist
Greg Norton	Executive Director, Regional Council of Rural Counties (RCRC)
2007	
Helen Thomson	Yolo County Supervisor
Mike McGowan	Yolo County Supervisor
Tony Oliveira	Kings County Supervisor
Bill Powers	Plumas County Supervisor
Brian Lee	San Mateo County Deputy Director of Public Works
Mike Silacci	CSAC Corporate Associates Member, AT&T
Rob Bilo	CSAC Corporate Associates Member, Nationwide Retirement Solutions (NRS)
Roger Dickinson	Sacramento County Supervisor
Bran Dahle	Lassen County Supervisor
Rubin Lopez	CSAC Staff
2006	

Bob Fletcher	Vanir Construction Management
David Janssen	Los Angeles County Chief Administrative Officer
Richard Vinson	Amador County Supervisor
Gary Freeman	Glenn County Supervisor
Gary Gilbert	Madera County Supervisor
Bill Dennison	Plumas County Supervisor
Greg Cox	San Diego County Supervisor
Duane Kromm	Solano County Supervisor
Ray Simon	Stanislaus County Supervisor
Peter Rei	Tuolumne County Public Works Director
Pat DeChellis	Los Angeles, Deputy Director Public Works
Chantai Saipe	San Diego County, Tribal Liaison
Jennifer Henning	Executive Director, County Counsels' Association of California
Mary Wallers	CSAC Corporate Associate Member, Sierra West Group
Lori Panzino	San Bernardino County, Division Chief, Franchise Programs
Paul Valle-Reistra	City of Walnut Creek, City Attorney
Rich Esposto	Consultant, Sacramento Metro Cable Television Commission
David Wooten	San Joaquin County Supervisor and Chair, Assistant County Counsel, County Counsel Working Group on Court Facilities
Kathleen Felice	Los Angeles County, Principal Deputy County Counsel
Diane Bardsley	San Diego County and Member, Special Assistant County Counsel, County Counsel Subcommittee on SB 10
Tom Ford	Sonoma County Treasurer
Norma Lammers	CSAC Finance Corporation Executive Director
2005	
Mitch Avallon	Contra Costa County Deputy Director - Flood Control
Dennis Barry	Contra Costa County Community Development Dept.
Valerie Brown	Sonoma County Supervisor
John Freedman	Analyst, Los Angeles County Chief Administrator's Office
Steve Keil	CSAC Legislative Coordinator
Rod Kubamoto	Los Angeles County Assistant Deputy Director
Andrea McGarvey	San Luis Obispo County Auditor-Controller's Office
Michael Moele	Buck Consultants
Bob Palmer	Retirement Administrator San Joaquin County
Dave Solaro	Retired CSAC Board Member & Administration of Justice Policy Committee chair
John Sweeten	Contra Costa County Chief Administrative Officer
Steve Swendiman	Managing Director, NACo Financial Services

Kit Wall	Local Government Relations, Eli Lilly & Company
2004	
John Garcia	Kaiser Permanente
Jim Lindholm	San Luis Obispo County Counsel
Steve Woodside	Sonoma County Counsel
Steve Basha	Yolo County Counsel
Jim Beall	Santa Clara County Supervisor
Tonly Oliveira	Kings County Supervisor
Duane Kromm	Solano County Supervisor
Susan Adams	Marin County Supervisor
Rose Jacobs Gibson	San Mateo County Supervisor
Brad Clark	Alameda County Registrar of Voters
Mischelle Townsend	Riverside County Registrar of Voters
Julie Rodewald	San Luis Obispo County Clerk Recorder
Ann Reed	Shasta County Registrar of Voters
Richard Robinson	Stanislaus County Administrative Officer
Walt Ekard	San Diego County Administrative Officer
Larry Parrish	Riverside County Executive Officer
Stephen Shane Stark	Santa Barbara County County Counsel
John Sansone	San Diego County Counsel
Robert Ryan , Jr.	Sacramento County Counsel
Buck Belventhal	San Francisco City & County
Ray Fortner	Los Angeles County
Richard Arrow	Marin County Auditor
Rod Dole	Sonoma County Counsel Auditor-Controller
Mark Norris	Sacramento County Finance Department
Steve Ybarra	Contra Costa County
Dave Elledge	Santa Clara County
Valerie Brown	Sonoma County Supervisor
Paul Stein	Calaveras County Supervisor
Frank Mecca	County Welfare Directors Association
Pete Parkinson	Sonoma County Planning Director
2003	
Kevin Juhring	US Communities
Tom Ford	Sonoma County Treasurer
Ann Reed	Shasta County Clerk/Registrar of Voters

Roger Dickinson	Sacramento County Supervisor
Bill McClure	Los Angeles County Workers' Compensation Specialist
Shane Stark	Santa Barbara County Counsel
Mike McGowan	Yolo County Supervisor
Denny Bungarz	Glenn County Supervisor
Governor's Trial Court Facilities Task Force Members:	
Patricia Clarke	Shasta County Supervisor
Joan Smith	Siskiyou County Supervisor
John Tavaglione	Riverside County Supervisor
2002	
Tom Stallard	CSAC 1st Vice President
Gary Freeman	CSAC Immediate Past President
Barbara Pletz	San Mateo County Emergency Services Director
Jim Beall	Santa Clara County Supervisor
Kathleen Bales Lange	Tulare County Counsel
John Sansone	San Diego County Counsel
Frank Mecca	County Welfare Directors Association Executive Director
Richard Fitzmaurice	SBC/Pacific Bell Director of External Affairs
Cathy Bando	RBC Dain Rauscher Director of Public Finance
Chris McKenzie	League of California Cities Executive Director
Catherine Smith	California Special Districts Association Executive Director
Ted James	Kern County Planning Director
Tony Hughes	Salomon Smith Barney
2001	
Paul Stein	Calaveras County Supervisor
Larry Parrish	Riverside CEO
Les Brown	Former CSAC President
Governor's Trial Court Facilities Task Force Members:	
Jerry Eaves	San Bernardino County Supervisor
Gary Freeman	Glenn County Supervisor
Charles Smith	Orange County Supervisor
Robert Doyle	County Sheriff
David Janssen	Los Angeles CAO
Steven Woodside	Sonoma County Counsel
2000	
Trish Clarke	Shasta County Supervisor
David Janssen	Los Angeles Chief Administrative Officer
Tom Bamert	Amador County Supervisor
Governor's Trial Court Employees Task Force Members:	
Steve Perez	Kern County Supervisor and CSAC President
John Sansone	San Diego County Counsel
Larry Spikes	Kings County Administrative Officer
Charles Plummer	Alameda County Sheriff
Pete Kutras	Santa Clara County Asst. Executive Officer

1999	
Muriel Johnson	Sacramento County Supervisor
Dean Shores	Imperial County Supervisor
Keith Carson	Alameda County Supervisor
Tom Stallard	Yolo County Supervisor
Jim Beall	Santa Clara County Supervisor
Jim Lindholm	San Luis Obispo County Counsel
Jay Hull	Napa County Administrator
Owne Clements	San Francisco Deputy Attorney
Terry Henry	Fresno County Dept. of Health Services
Louise McGinnis	Corporate Associate Member
Art Goulet	Ventura County Public Works Director
John Michaelson	San Bernardino County Social Services Director
Penelope Clarke	Sacramento County Public Protection/Human Assis. Admin.



September 19, 2012

To the Board of Directors
California State Association of Counties

We have audited the financial statements of California State Association of Counties for the year ended June 30, 2012, and have issued our report thereon dated September 19, 2012. Professional standards require that we provide you with the following information related to our audit.

Our Responsibility under U.S. Generally Accepted Auditing Standards

As stated in our engagement letter dated June 6, 2012, our responsibility, as described by professional standards, is to express an opinion about whether the financial statements prepared by management with your oversight are fairly presented, in all material respects, in conformity with U.S. generally accepted accounting principles. Our audit of the financial statements does not relieve you or management of your responsibilities.

Planned Scope and Timing of the Audit

We performed the audit according to the planned scope and timing previously communicated to management.

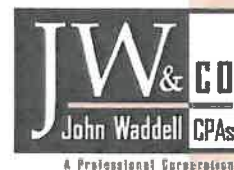
Significant Audit Findings

Qualitative Aspects of Accounting Practices

Management is responsible for the selection and use of appropriate accounting policies. The significant accounting policies used by California State Association of Counties are described in Note 1 to the financial statements.

For 2012, the CalTrust investments were presented separately, rather than included with cash, and the 2011 balance was also presented separately for comparative purposes. Although management uses the CalTrust account as a sweep account, it consists of various short term marketable securities and is stated at fair value as determined by quoted prices. Therefore, we believe that presenting it separately improves the quality of the financial statements and disclosures.

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The Corporate Associates program was redesigned during the year and the memberships were changed to run on a fiscal year rather than a calendar year. All 2011 calendar year members were granted free membership through June 30, 2012. However, when the 2012/2013 membership invoices were sent, they noted the membership was for an 18-month period. Management has deferred all of the income to 2012/2013 since the dues amounts were billed at the 12-month membership rates as specified in the membership fliers. This method is conservative, and in our opinion does not cause the financial statements to be misleading, though it does result in very little corporate membership income for the year ended 6/30/12. Further, the expenses for the program are now presented as a supporting service, which more accurately reflects its purpose. We concur with this change in presentation.

As disclosed in Note 6, CSAC implemented a new supplemental defined benefit pension plan covering the former Executive Director. An actuarial study has not been performed to determine the net periodic benefit cost or the accumulated benefit obligation resulting from the plan, which is contingent on IRS approval. As also disclosed in Note 6, CSAC has over-contributed to the SBCERA plan for the former Executive Director and a few other key employees, and the amount to be returned to CSAC has not yet been determined. We anticipate that the net impact of these two matters will offset each other such that they will not be material to the financial position of CSAC.

The financial statements and disclosures were drafted by us with management's oversight.

Difficulties Encountered in Performing the Audit

We encountered no difficulties in dealing with management in performing and completing our audit.

Corrected and Uncorrected Misstatements

Professional standards require us to accumulate all known and likely misstatements identified during the audit, other than those that are trivial, and communicate them to the appropriate level of management. The majority of the adjustments made were standard closing entries to convert the financial statements from the modified cash basis to the accrual basis of accounting, such as to record depreciation, reclassify principal debt payments, etc. The non-closing audit adjustments that were recorded and their impact on the change in net assets were as follows:



	Increase (Decrease) Change in Net Assets
Adjust allowance for receivable written off	\$ 10,309
Record and reverse prior year audit entry to accrue Ventura litigation dues	(9,813)
Adjust vacation and sick accruals	(18,312)
	<u>\$ (17,816)</u>

In addition, an entry to record tax expense on the accrual basis rather than the cash basis and reflect prepaid income taxes of \$9,225 was not recorded as it was not considered material to the financial statements taken as a whole.

Disagreements with Management

We are pleased to report that no disagreements arose during the course of our audit.

Management Representations

We have requested certain representations from management that are included in the management representation letter dated September 19, 2012.

Management Consultations with Other Independent Accountants

In some cases, management may decide to consult with other accountants about auditing and accounting matters, similar to obtaining a "second opinion" on certain situations. If a consultation involves application of an accounting principle to the Organization's financial statements or a determination of the type of auditor's opinion that may be expressed on those statements, our professional standards require the consulting accountant to check with us to determine that the consultant has all the relevant facts. To our knowledge, there were no such consultations with other accountants.

Other Audit Findings or Issues

We generally discuss a variety of matters, including the application of accounting principles and auditing standards, with management each year prior to retention as the Organization's auditors. However, these discussions occurred in the normal course of our professional relationship and our responses were not a condition to our retention.

To the Board of Directors
California State Association of Counties
September 19, 2012
Page 4



This information is intended solely for the use of Board of Directors and management of California State Association of Counties and is not intended to be and should not be used by anyone other than these specified parties.

John Waddell & Co., CPAs

September 19, 2012



INDEPENDENT AUDITORS' REPORT

Board of Directors
California State Association of Counties
Sacramento, California

We have audited the accompanying Statements of Financial Position of California State Association of Counties as of June 30, 2012 and 2011, and the related Statements of Activity and Cash Flows for the years then ended. These financial statements are the responsibility of the Association's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of California State Association of Counties as of June 30, 2012 and 2011, and the changes in its net assets and its cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America.

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The supplemental schedule on page 13 is presented for purposes of additional analysis and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements taken as a whole.

John Waddell & Co., CPAs

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CALIFORNIA STATE ASSOCIATION OF COUNTIES

**Statements of Financial Position
June 30, 2012 and 2011**

ASSETS

	<u>2012</u>	<u>2011</u>
Cash and cash equivalents	\$ 709	\$ 4,965
Investments	1,521,152	2,015,256
Accounts receivable (net of allowance of \$9,570 in 2011)	826,725	573,688
Prepaid expenses	257,798	172,053
Due from affiliates	161,679	29,063
Deferred charges	7,811	12,499
Funds held in custodial accounts	620,027	563,569
Property and equipment, net	6,130,380	6,403,097
	<u>\$ 9,526,281</u>	<u>\$ 9,774,190</u>

LIABILITIES AND NET ASSETS

Liabilities		
Accounts payable	\$ 1,198,162	\$ 373,088
Deferred revenue	409,872	343,898
Accrued vacation and vested sick leave	314,202	275,316
Funds held in custodial accounts	620,027	563,569
Tenant security deposits	27,647	25,672
Notes payable	2,936,375	3,095,054
	<u>5,506,285</u>	<u>4,676,597</u>
Net Assets		
Unrestricted	4,019,996	5,097,593
	<u>\$ 9,526,281</u>	<u>\$ 9,774,190</u>

See accompanying notes to financial statements.

CALIFORNIA STATE ASSOCIATION OF COUNTIES

**Statements of Activity
For the Years Ended June 30, 2012 and 2011**

	<u>2012</u>	<u>2011</u>
Revenue		
Membership dues	\$ 2,799,506	\$ 2,799,506
Litigation dues	309,175	274,794
Corporate associates dues	14,000	69,000
SB-90 dues	65,420	79,825
Program revenue	133,623	129,325
Meetings	623,497	471,840
Management fees	322,364	316,886
Rental income, net of expenses of \$709,696 and \$745,905	2,334	8,912
Interest and investment income	14,845	26,908
Contributions	3,300,000	3,000,000
Institute	80,827	76,209
Other revenue	<u>85,625</u>	<u>139,530</u>
Total Revenue	<u>7,751,216</u>	<u>7,392,735</u>
Expenses		
Program Services		
Legislative affairs	3,208,552	2,917,746
Meetings	733,696	499,850
Litigation program	311,319	294,513
SB-90	55,607	69,413
Federal policy development	244,777	214,706
Public affairs	425,419	400,624
Institute	182,803	264,163
Campaign contributions and expenses (non-public funds)	495,639	-
Other programs	<u>293,360</u>	<u>302,273</u>
Total Program Services	<u>5,951,172</u>	<u>4,963,288</u>
Supporting Services		
General administration	2,576,707	2,290,922
Corporate associates	<u>300,934</u>	<u>141,475</u>
Total Supporting Services	<u>2,877,641</u>	<u>2,432,397</u>
Total Expenses	<u>8,828,813</u>	<u>7,395,685</u>
Change in Net Assets	(1,077,597)	(2,950)
Net Assets, Beginning of Year	<u>5,097,593</u>	<u>5,100,543</u>
Net Assets, End of Year	<u>\$ 4,019,996</u>	<u>\$ 5,097,593</u>

See accompanying notes to financial statements.

CALIFORNIA STATE ASSOCIATION OF COUNTIES

**Statements of Cash Flows
For the Years Ended June 30, 2012 and 2011**

	<u>2012</u>	<u>2011</u>
Cash Flows from Operating Activities		
Change in net assets	\$ (1,077,597)	\$ (2,950)
Noncash items included in change in net assets:		
Depreciation and amortization	371,835	362,460
Loss on disposal of equipment	9,960	2,969
Dividends reinvested	(15,917)	(17,202)
Unrealized loss on investments	3,563	(5,323)
Changes in certain operating assets and liabilities		
Accounts receivable	(253,037)	98,749
Prepaid expenses and deferred charges	(81,057)	8,506
Accounts payable	825,074	19,599
Deferred revenue	65,974	115,378
Other liabilities	40,861	17,257
	<u>(110,341)</u>	<u>599,443</u>
Cash Provided (Used) by Operating Activities		
Cash Flows from Investing Activities		
Purchases of property and equipment	(109,078)	(103,710)
Changes in due to/from related entities	(132,616)	(5,678)
Purchase of investments	(1,500,000)	(1,400,000)
Sale of investments	2,006,458	510,192
	<u>264,764</u>	<u>(999,196)</u>
Cash Provided (Used) by Investing Activities		
Cash Flows from Financing Activities		
Payments on notes payable	(158,679)	(199,420)
	<u>(158,679)</u>	<u>(199,420)</u>
Cash Used by Financing Activities		
Net Decrease in Cash and Cash Equivalents	(4,256)	(599,173)
Cash and Cash Equivalents, Beginning of Year	4,965	604,138
Cash and Cash Equivalents, End of Year	<u>\$ 709</u>	<u>\$ 4,965</u>

See accompanying notes to financial statements.

CALIFORNIA STATE ASSOCIATION OF COUNTIES

Notes to Financial Statements June 30, 2012 and 2011

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Organization

The California State Association of Counties (CSAC) is an association representing the elected county supervisors of the 58 California counties. The purpose of the association is to advance the vital public interest in effective, efficient and responsive local government. Its principal function is representation of county government before the California legislature, administrative agencies and the federal government.

Estimates

Management uses estimates and assumptions in preparing financial statements. Those estimates and assumptions affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities, and the reported revenues and expenses. Actual results could differ from those estimates.

Cash and Cash Equivalents

Cash and cash equivalents consist of unrestricted demand deposits.

Investments

Investments consist of shares in the CalTrust short-term portfolio and are stated at fair value as reported by CalTrust based on quoted market prices of the underlying assets (Level One inputs in the fair value hierarchy established by generally accepted accounting principles). Investment income consisted of interest of \$15,917 and unrealized losses of \$3,563 (FYE 11/12) and interest of \$17,202 and unrealized gains of \$5,323 (FYE 10/11).

Accounts Receivable

Accounts receivable are stated at the amount management expects to collect from outstanding balances. Management provides for uncollectible amounts through a provision for bad debt expense and an adjustment to a valuation allowance based on its assessment of the current status of individual accounts. Receivables are determined to be past due based on contractual terms and are charged off when management determines the receivable will not be collected.

Property and Equipment

Property and equipment purchases in excess of \$1,000 are capitalized at cost. Depreciation is provided on a straight-line basis over the estimated useful lives, which range from 3 to 40 years. Contributions that must be used to acquire property and equipment are reported as restricted contributions. CSAC reports expirations of donor restrictions when the acquired assets are placed in service and reclassifies temporarily restricted net assets to unrestricted net assets at that time.

CALIFORNIA STATE ASSOCIATION OF COUNTIES

Notes to Financial Statements June 30, 2012 and 2011

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

Funds Held in Custodial Accounts

CSAC performs accounting services for the County Administrative Officers (CAO) and Case Data System Management (CDSM). Investments owned by these organizations, which are included in CSAC's investment account, are recorded as offsetting assets and liabilities.

Membership Dues

Membership dues, which are calculated based on each county's population, are paid annually and are recorded when received. Dues collected for the next fiscal year are recorded as deferred revenue.

Contributions

Contributions received are recorded as unrestricted, temporarily restricted, or permanently restricted support depending on the existence and/or nature of any donor restrictions. Contributions that are temporarily restricted are then reclassified to unrestricted net assets upon satisfaction of the restrictions. Contributions whose restrictions are met within the same fiscal year are recorded as unrestricted.

Functional Allocation of Expenses

The costs of providing the various programs and other activities have been summarized on a functional basis in the Statement of Activity. Accordingly, certain costs have been allocated among the programs and supporting services benefited.

Income Taxes

CSAC is exempt from income taxes under Section 501(c)(4) of the Internal Revenue Code. It is subject to tax on its unrelated business income. Income taxes are provided for the tax effects of unrelated business income reported in the financial statements. There are no significant differences between amounts reported in the financial statements and amounts reported in the tax return; accordingly, there are no deferred taxes.

CSAC believes that it has appropriate support for any tax positions taken, and as such, does not have any uncertain tax positions that are material to the financial statements. CSAC's federal and state tax returns are subject to examination by the IRS and FTB generally for three and four years, respectively, after they were filed.

Concentrations and Credit Risk

Approximately 12% of the membership dues are paid by one county. Approximately 35% of the accounts receivable are due from the two largest customers.

CALIFORNIA STATE ASSOCIATION OF COUNTIES

Notes to Financial Statements June 30, 2012 and 2011

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

Reclassifications

Certain accounts in the prior-year financial statements have been reclassified for comparative purposes to conform to the current year presentation.

Subsequent Events

Subsequent events have been evaluated through the date the financial statements were available to be issued, which was September 19, 2012.

NOTE 2 PROPERTY AND EQUIPMENT

Property and equipment consist of the following at June 30, 2012 and 2011:

	<u>2012</u>	<u>2011</u>
Land	\$ 1,960,384	\$ 1,960,384
Buildings	2,414,805	2,414,805
Building improvements	4,222,521	4,214,271
Tenant improvements	1,070,982	1,070,982
Equipment	649,735	649,927
Furniture	254,731	253,212
	<u>10,573,158</u>	10,563,581
Less accumulated depreciation	<u>(4,442,778)</u>	<u>(4,160,484)</u>
	<u>\$ 6,130,380</u>	<u>\$ 6,403,097</u>

Depreciation expense amounted to \$371,835 (FYE 11/12) and \$362,460 (FYE 10/11).

CALIFORNIA STATE ASSOCIATION OF COUNTIES

**Notes to Financial Statements
June 30, 2012 and 2011**

NOTE 3 NOTES PAYABLE

Notes payable at June 30, 2012 and 2011 consist of the following:

	<u>2012</u>	<u>2011</u>
Note payable to Bank of Sacramento. Through December 2011, monthly principal and interest payments of \$21,826, interest at the 5-year treasury rate plus 2.2%, adjustable every 5 years, which was 7.05% (FYE 11/12 and FYE 10/11). Effective January 2012, monthly principal and interest payments of \$7,623 with interest at 3.01%. Secured by a deed of trust; due February 2017.	\$ 1,349,307	\$ 1,460,134
Note payable to Bank of Sacramento. Through December 2011, monthly principal and interest payments of \$12,427, interest at the 5-year treasury rate plus 2.2%, adjustable every five years, which was 6.77% (FYE 11/12 and FYE 10/11). Effective January 2012, monthly principal and interest payments of \$9,066 with interest at 3.08%. Secured by a deed of trust; due December 2016.	<u>1,587,068</u>	<u>1,634,920</u>
	<u>\$ 2,936,375</u>	<u>\$ 3,095,054</u>

Future minimum payments on notes payable are as follows:

2013	\$ 109,110
2014	114,508
2015	118,096
2016	121,583
2017	<u>2,473,078</u>
	<u><u>\$ 2,936,375</u></u>

Total interest incurred on notes payable amounted to \$161,174 (FYE 11/12) and \$211,614 (FYE 10/11). Interest paid in cash amounted to \$157,929 (FYE 11/12) and \$211,614 (FYE 10/11).

The notes payable to Bank of Sacramento contain various covenants and financial requirements. CSAC was in compliance with the agreement at June 30, 2012 and 2011.

CALIFORNIA STATE ASSOCIATION OF COUNTIES

**Notes to Financial Statements
June 30, 2012 and 2011**

NOTE 4 LEASES AND OTHER COMMITMENTS

CSAC leases five copiers under operating leases. Total rent expense from these leases amounted to \$46,776 (FYE 11/12) and \$42,611 (FYE 10/11).

CSAC leases office space to tenants in its office building at 1100 K Street. CSAC also leases the majority of the Ransohoff building to tenants. Future minimum rental income under noncancelable operating leases is as follows:

	<u>Ransohoff</u>	<u>1100 K St.</u>	<u>Total</u>
2013	\$ 393,246	\$ 153,651	\$ 546,897
2014	53,006	113,404	166,410
2015	36,000	48,065	84,065
2016	36,000	36,794	72,794
2017	18,000	30,358	48,358
	<u>\$ 536,252</u>	<u>\$ 382,272</u>	<u>\$ 918,524</u>

The lease agreement with the brewery tenant in the Ransohoff building provides for percentage rent in addition to the base rent included above, based on 6.25% of gross sales less base rent as defined.

The cost and carrying amount of property held for leasing as of June 30, 2012 are as follows:

	<u>Ransohoff</u>	<u>1100 K St.</u>	<u>Total</u>
Land, building & improvements	\$ 6,246,761	\$ 2,956,607	\$ 9,203,368
Accumulated depreciation	(1,882,253)	(1,785,503)	(3,667,756)
	<u>\$ 4,364,508</u>	<u>\$ 1,171,104</u>	<u>\$ 5,535,612</u>

The cost and carrying amount of property held for leasing as of June 30, 2011 are as follows:

	<u>Ransohoff</u>	<u>1100 K St.</u>	<u>Total</u>
Land, building & improvements	\$ 6,246,761	\$ 2,948,357	\$ 9,195,118
Accumulated depreciation	(1,696,122)	(1,700,290)	(3,396,412)
	<u>\$ 4,550,639</u>	<u>\$ 1,248,067</u>	<u>\$ 5,798,706</u>

CALIFORNIA STATE ASSOCIATION OF COUNTIES

Notes to Financial Statements June 30, 2012 and 2011

NOTE 4 LEASES AND OTHER COMMITMENTS – CONTINUED

CSAC has a contract for federal affairs services which was extended through December 31, 2014. Future contract payments are as follows:

2013	\$	231,480
2014		243,060
2015		124,500

CSAC has entered into contracts for meetings to be held in fiscal 2013 – 2017. These contracts contain deposits, room and food and beverage commitments, and cancellation fees. The maximum cancellation fee under the contracts if the contracts were cancelled as of the date the financial statements were available to be issued was \$733,831.

NOTE 5 DEFERRED COMPENSATION

Substantially all employees are eligible to participate in a deferred compensation plan. Employees, at their sole discretion, can set aside a portion of their salary, up to the maximum amount allowed by the Internal Revenue Service. Participants can select from two investment plans, one sponsored by the Nationwide Investment Foundation and the other by Aetna Life Insurance and Annuity Company. Both plans offer various investment options. CSAC does not make contributions to the plans and incurred no expenses in connection with the plans. In accordance with the Small Business Job Protection Act, the assets are held in trust for the exclusive benefit of plan participants. Accordingly, the assets and liabilities related to the plan, which amount to \$7,505,743 (FYE 11/12) and \$6,781,960 (FYE 10/11), have not been included in these financial statements.

NOTE 6 DEFINED BENEFIT PENSION PLANS

Substantially all employees are eligible to participate in the San Bernardino County Employees' Retirement Association. The San Bernardino County Employees' Retirement Association is a cost-sharing multi-employer defined benefit pension plan (the Plan) operating under the California County Employees Retirement Act of 1937 that covers substantially all employees of the County of San Bernardino, the City of Big Bear Lake, the California State Association of Counties, South Coast Air Quality Management District, the San Bernardino County Law Library, the City of Chino Hills, the Crest Forest Fire District, and the Mojave Desert Air Quality Management District and Superior Courts, collectively referred to as the "Participating Members."

Employees become eligible for membership on their first day of regular employment and become fully vested after five years. Employees are eligible for early retirement benefits upon completion of ten years of service and attaining age 50, or 30 years of service, regardless of age. Retirement benefits are calculated at 2% of final compensation for each completed year of service based on a normal retirement age of 55. The Plan also provides disability benefits to members and death benefits to beneficiaries of members.

CALIFORNIA STATE ASSOCIATION OF COUNTIES

Notes to Financial Statements June 30, 2012 and 2011

NOTE 6 DEFINED BENEFIT PENSION PLANS – CONTINUED

Participating members and the employers are required to contribute a percentage of covered salary to the Plan based on the member's age at entry into the Plan and actuarial assumptions; however, CSAC pays the employees' contribution. The funding objective of the Plan is to establish contribution rates which, over time, will remain level as a percentage of payroll unless Plan benefit provisions are changed. Actuarial funding is based on the Entry Age Normal Cost Method. Under this method, the employer contribution rate provides for current cost (normal cost) plus a level percentage of payroll to amortize the Unfunded Actuarial Accrued Liability (UAAL). As of June 30, 2002, the remaining amortization period for the UAAL is 20 years for all UAAL prior to June 30, 2002. For actuarial valuation purposes, Plan assets are valued at Actuarial Value. Under this method, the assets used to determine employer contribution rates take into account market value by recognizing the differences between the actual and expected investment return over a five year period. CSAC may be liable, on termination or withdrawal from the Plan, for allocated shares of the Plan's unfunded vested benefits. CSAC currently has no intention to terminate or withdraw from the Plan.

Total contributions to the Plan amounted to \$1,246,550 (FYE 11/12) and \$1,127,327 (FYE 10/11), which represented 36% and 35% of covered payroll, respectively. During the year ended June 30, 2012, CSAC determined that it had over-contributed to the Plan for four employees for various years and requested a refund from the Plan. The amount to be refunded by the Plan, if any, cannot be reasonably estimated.

Effective July 1, 2011, CSAC implemented a supplemental defined benefit pension plan covering one key employee. The Plan provides an annual accrued benefit of \$10,000 for life with survivorship benefits. The Plan includes a provision that it is subject to approval by the IRS. A determination letter has been requested from the IRS, but had not been received at the time the financial statements were available to be issued. The net periodic benefit cost and the accumulated benefit obligation have not been actuarially determined, and no contributions have been made to the Plan.

NOTE 7 RELATED-PARTY TRANSACTIONS

CSAC is affiliated with CSAC Finance Corporation (the Finance Corporation) and the California Counties Foundation (the Foundation). The Executive Director of CSAC is on the Board of Directors of both organizations. CSAC provides management, accounting and other administrative services to the Finance Corporation and to the Foundation without charge. CSAC also provides payroll services for the Finance Corporation without charge.

The Finance Corporation rents office space from CSAC on an annual basis. Rent received from the Finance Corporation amounted to \$13,950 (FYE 11/12 and FYE 10/11).

The Finance Corporation advertised its programs in CSAC's magazine. Total advertising revenue from the Finance Corporation amounted to \$0 (FYE 11/12) and \$2,725 (FYE 10/11).

CALIFORNIA STATE ASSOCIATION OF COUNTIES

Notes to Financial Statements June 30, 2012 and 2011

NOTE 7 RELATED-PARTY TRANSACTIONS – CONTINUED

Printing revenue received from the Finance Corporation amounted to \$5,324 (FYE 11/12) and \$6,880 (FYE 10/11).

The Finance Corporation has a policy whereby CSAC can request grants of net assets in excess of the designated operating reserve. Total funds available under this policy amounted to \$533,842 (FYE 11/12) and \$521,538 (FYE 10/11). The Finance Corporation contributed \$3,300,000 (FYE 11/12) and \$3,000,000 (FYE 10/11) to CSAC.

The Finance Corporation together with the League of California Cities sponsors CalTrust, a Joint Powers Authority for the purpose of pooling and investing local agency funds. Cash and cash equivalents in CalTrust's short-term portfolio (a portion of which is classified as funds held in custodial accounts) amounted to \$2,141,179 (FYE 11/12) and \$2,578,825 (FYE 10/11).

In 1997, CSAC, the League of California Cities and the California School Boards Association formed the CCS Partnership, a nonprofit partnership. Contributions to the CCS Partnership amounted to \$35,000 (FYE 11/12) and \$75,000 (FYE 10/11). Contributions to the Institute for Local Government, an affiliate of the League of California Cities, amounted to \$80,000 (FYE 11/12 and FYE 10/11).

Contributions to the California Counties Foundation amounted to \$25,000 (FYE 11/12).

CSAC is affiliated with the County Counsels' Association of California (the Association). The Director of CSAC's Litigation Program is also the Executive Director of the Association. Approximately 80% of the Director's salary and benefits are funded by CSAC's Litigation Program and 20% are paid by the Association. CSAC's Litigation Program also funds a portion of two other Association staff members' salary and benefits. CSAC's Litigation Program funds 75% of the Association's office lease with a third party, which expired March 31, 2012, and was amended to a month to month lease with the landlord required to provide a 90 day notice to vacate. Rent expense under the lease amounted to \$27,086 (FYE 11/12) and \$26,024 (FYE 10/11).

NOTE 8 INCOME TAXES

CSAC is subject to income taxes on certain unrelated business income, primarily management fees and debt-financed income. Income tax expense for the years ended June 30, 2012 and 2011, which is included in general and administration expense, amounted to \$25,615 and \$48,113, respectively.

Cash payments for taxes amounted to \$25,710 (FYE 11/12) and \$49,479 (FYE 10/11).

CALIFORNIA STATE ASSOCIATION OF COUNTIES

Statement of Revenue and Expenses by Fund
For the Year Ended June 30, 2012

	General	Building	Corporate Membership Associates	Meetings	Litigation	CEAC	Ransohoff Building	Institute	Eliminations	Total
Revenue										
Membership dues	\$ 2,799,506	\$ -	\$ 14,000	\$ -	\$ 309,175	\$ -	\$ -	\$ -	\$ -	\$ 3,122,681
SB-90 dues	65,420	-	-	-	-	-	-	-	-	65,420
Program revenue	840	-	-	-	-	132,783	-	-	-	133,623
Meetings	-	-	-	623,497	-	-	-	-	-	623,497
Management fees	328,790	-	-	-	-	-	-	-	(6,426)	322,364
Rental income	-	380,319	-	-	-	-	522,167	80,827	(190,456)	712,030
Institute	-	-	-	-	-	-	-	-	-	80,827
Investment income	14,845	-	-	-	-	-	-	-	-	14,845
Miscellaneous	107,492	-	-	-	-	-	-	-	(21,867)	85,625
Contributions	3,300,000	-	-	-	-	-	-	-	-	3,300,000
Total Revenue	6,616,893	380,319	14,000	623,497	309,175	132,783	522,167	80,827	(218,749)	8,460,912
Expenses										
Salaries	3,063,057	-	121,737	73,335	161,918	56,161	-	-	-	3,476,208
Benefits	1,725,952	-	57,345	42,883	105,523	47,607	-	-	-	1,979,310
Travel	356,635	-	25,900	2,522	668	13,062	-	-	(1,440)	397,347
Annual retreat	-	-	91,701	-	-	-	-	-	-	91,701
Communications	149,651	-	2,086	2,389	4,100	1,728	5,935	695	-	166,584
Contributions	495,639	-	-	-	-	-	-	-	-	495,639
Utilities	-	70,659	-	-	-	-	-	-	-	70,659
Insurance	(4,793)	32,190	-	-	-	-	41,712	-	-	38,247
Publications	13,758	-	75	-	1,490	-	10,850	-	-	15,323
Legislative bill service	20,267	-	-	-	-	-	-	-	-	20,267
Membership fees	75,405	-	-	550	400	-	-	-	-	79,690
Office supplies	10,516	59	-	243	40	518	955	2,470	-	12,997
Postage and delivery	13,596	-	114	-	533	1,346	-	488	-	15,375
Printing	67,261	-	125	-	2,135	3,725	-	10,324	(14,530)	15,375
Repairs and maintenance	640,555	73,469	1,511	11,997	-	2,008	63,920	6,768	-	728,653
Professional services	3,333	68,510	340	-	1,000	900	5,891	106,733	-	123,207
Property & business tax	230,992	40,733	-	-	-	-	45,783	-	-	221,508
Rent	19,000	-	-	-	27,086	4,800	-	-	(189,016)	73,862
Public affairs	161,507	-	-	587,631	-	-	-	55,123	(7,337)	19,000
Program expenses	68,940	98,021	-	-	-	-	161,174	-	-	268,135
Interest expense	4,542	-	-	12,146	-	-	204,874	-	-	221,562
Depreciation	-	-	-	-	-	-	-	202	-	202
Miscellaneous	20,141	-	-	-	6,426	-	-	-	(6,426)	16,890
Management fees	25,615	-	-	-	-	-	-	-	-	25,615
Bad debt	-	-	-	-	-	-	-	-	-	-
Income taxes	-	-	-	-	-	-	-	-	-	-
Total Expenses	7,171,918	383,641	300,934	733,696	311,319	131,853	541,094	182,803	(218,749)	9,588,509
Excess of Revenue Over (Under) Expenses	\$ (555,025)	\$ (3,322)	\$ (286,934)	\$ (110,199)	\$ (2,144)	\$ 930	\$ (18,927)	\$ (101,976)	\$ -	\$ (1,077,597)



**BOARD OF SUPERVISORS
COUNTY OF SACRAMENTO**
700 H STREET, SUITE 2450 • SACRAMENTO, CA 95814

PHIL SERNA
SUPERVISOR, FIRST DISTRICT
Telephone (916) 874-5485
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E-Mail: sernap@saccounty.net

August 24, 2012

Mr. Mike McGowan
President
CSAC
625 Court Street, Room 204
Woodland, CA 95695

Mr. Steve Keil
Interim Executive Director
CSAC
1100 K Street
Sacramento, CA 95814

Re: Establishment of a CSAC Latino Caucus

Gentlemen:

I write to ask for your assistance as we approach the 2012 CSAC Annual Conference.

As both of you are aware, I have been working with a collection of other like-minded county supervisors interested in establishing a CSAC Latino caucus. During last year's annual conference, a number of us – all members in good standing – convened a meeting to discuss the prospect of a Latino caucus in large part to help advance CSAC's mission and legislative agenda. Subsequent to that meeting, I welcomed the task of drafting by-laws in an attempt to develop a substantive proposal for consideration by the CSAC Board of Directors. The latest draft of those by-laws is attached for your review and reference. Know that it is the product of ample review and input by many, and as such I'm confident it accurately reflects the intended purpose and function of what could be an effective CSAC affiliate organization.

I respectfully request that the subject of establishing a CSAC Latino caucus be scheduled for consideration in a manner consistent with the Association's process for vetting such proposals. My understanding is that it may be most appropriate and

expeditious to agendize this matter for consideration at the upcoming Executive Committee and Board of Directors meetings. Our hope is to have the Association's official sanction at the conclusion of the annual conference in November.

Thanks in advance for your cooperation and consideration. Should you have questions, concerns and/or suggestions, please don't hesitate to contact me at your convenience.

Sincerely,



Phil Serna

Attachment

DRAFT
California State Association of Counties – Latino Caucus Bylaws

ARTICLE I – NAME

This organization is the *California State Association of Counties – Latino Caucus*

ARTICLE II – PURPOSE

The purpose of this organization is to:

1. Encourage full participation and active involvement of Latino county officials in the policy-making processes and programs of the California State Association of Counties (CSAC).
2. Identify issues and concerns important to counties' Latino populations and develop solutions, including legislative intervention.
3. Promote diversity and inclusiveness in governmental decision-making processes.
4. Nurture leadership development within and among groups that reflect California's changing demographics.
5. Be a resource to CSAC and its members, possibly as a nonprofit mutual benefit corporation, in such areas as policy development, implementation and service delivery.
6. Operate in accordance with the CSAC Constitution, as well as the policies adopted by CSAC's Board of Directors and take no action that conflicts with the organization's constitution or its policies.

ARTICLE III – MEMBERSHIP

There are three categories of membership in the organization: voting, associate and supporting.

A "voting" member is any elected County Supervisor representing a CSAC member-county in good standing as defined by CSAC's Constitution and/or referenced in its policies therefrom. Voting members are entitled to vote on organization matters and are eligible to serve on the organization's Board of Directors (see Article IV, Section 1). Voting members are entitled to fully participate in organization activities.

An "associate" member is any other public official of a CSAC member-county in good standing as defined by CSAC's Constitution and/or referenced in its policies therefrom. Associate members are not eligible to vote or hold office but are otherwise entitled to fully participate in organization activities.

A "supporting" member is any individual, group or corporation interested in supporting the goals of the CSAC Latino Caucus. Supporting members are not eligible to vote or hold office in the organization, but are otherwise entitled to fully participate in organization activities.

ARTICLE IV – OFFICERS, DUTIES, VACANCIES

Section 1 – Officers and Board of Directors

Officers of the organization include statewide President, Vice President, Treasurer, Secretary/Parliamentarian, and Immediate Past President/ex-officio. The officers constitute the organization's Executive Committee (see Article IX, Section 2). The organization's Board of Directors is comprised of the Executive Committee in addition to six regional representatives, two each from Northern, Central, and Southern California, as well as three cross-caucus members, one each from CSAC's Urban, Suburban and Rural counties caucuses.

The immediate past president serves on the 14-member Board of Directors as an ex-officio non-voting member.

Section 2 – Terms of Office

The term of office is one year. Officers are elected by the organization's members at CSAC's Annual Conference and take office immediately after adjournment of the Annual Conference.

Section 3 – Qualifications

Officers must currently serve as an elected County Supervisor, must have been in office for a minimum of one year, and must meet officer selection criteria set forth in Article V of these bylaws.

Section 4 – Duties and Responsibilities

The President shall preside at all meetings, serve as chairperson of the Executive Committee and perform all duties specified under these bylaws. The President must provide a report to the membership concerning the organization's activities at least once each calendar year at the organization's Annual Meeting during CSAC's Annual Conference.

The Vice President shall preside at the organization and/or Executive Committee meetings in the President's absence.

Board Members, in consultation with officers of the Board, coordinate any regional activities of the Latino Caucus and are responsible for development of programs for the

Caucus meetings being held in their respective regions. Regional Board Members also perform other duties as assigned by the President.

Board Members shall not miss more than three consecutive regularly scheduled quarterly Board conference calls.

Board Members shall attend and participate in two of the four annual calendar events:

January	Board Retreat
May	Annual Legislative Conference
July	Summer Conference
November	Annual Conference

Board Members shall serve on at least one Ad-Hoc Committee

Board Members shall be responsible for raising a minimum of \$5,000 annually for sponsored/hosted events.

Section 6 – Vacancies

A vacancy in any of the offices occurs when the officer either resigns from office or ceases to be an elected county supervisor.

A vacancy in the office of President is filled for the unexpired term by appointment of the Executive Committee. A vacancy in the executive office, among regional board members and/or among cross-caucus members is filled by Executive Committee appointment.

ARTICLE V – QUALIFICATIONS FOR LEADERSHIP ROLES

The following criteria should be considered along with all other relevant factors, for selection of organization officers, as well as members of standing and Ad-Hoc Committees for the organization.

1. Current membership in good standing with the organization
2. A demonstrated active interest and history of participation in the organization and CSAC program activities
3. The opportunity to expand involvement in CSAC activities
4. A willingness and ability to make the time and financial commitment necessary to adequately discharge the duties of the office in question
5. County size, location and type (i.e., 1937 Act or not) so as to ensure all counties' perspectives are represented in the organization's activities

ARTICLE VI – NOMINATIONS AND ELECTIONS

Section 1 – Nomination Procedures

In the spring of each year, the Chair of the Nominating Committee must announce the opening of the nomination process for the organization's offices. The opening of nominations and the membership of the Nominating Committee must be communicated to the membership through appropriate means.

Any person interested in being nominated or in making a recommendation on a nomination should submit the information to the chairperson of the Nominating Committee along with available background information. In addition, the Nominating Committee has the responsibility to seek out nominees who are especially qualified to lead the organization.

The Nominating Committee's report must be made available to the general membership of the organization at its meeting at CSAC's Annual Conference. Following the report from the Executive Committee, additional nominations from the floor will be entertained.

Section 2 – Elections

The President presides over the election of officers. Election of officers is by voice vote, unless three or more members entitled to vote request a written ballot. The member receiving a plurality of the votes cast for each office must be declared elected by the President.

ARTICLE VII – VOTING

Except in cases where otherwise provided, all voting in this organization is by voice vote of the membership, unless a roll call vote is requested by three or more members eligible to vote. A majority of the votes cast by those voting members in attendance is necessary for a decision. The presiding officer must determine and announce the results.

Except in cases where otherwise provided, a majority of the membership of any committee constitutes a quorum for the conduct of business. Except in cases where otherwise provided, a majority of the quorum is necessary for passage of any item.

ARTICLE VIII – MEETINGS

The organization must have no fewer than one meeting per year. This meeting will be during CSAC's Annual Conference.

Special meetings may be called by a majority vote of the Executive Committee or upon written request by at least 10 members eligible to vote stating the purpose of such a meeting.

Notice must be given to all members regarding the time and place of all regular and special meetings by mail, including an agenda. Notice must be given at least 30 days prior to each meeting, unless the special meeting is an emergency meeting, in which case notice may be shortened to ten days.

ARTICLE IX – COMMITTEES

Section 1 – Standing Committees

The standing committees of the organization are the Executive Committee and the Nominating Committee. All other committees are Ad-Hoc committees.

Section 2 – Executive Committee

- (a) **Membership.** The Executive Committee is comprised of the organization's President, Vice President, Treasurer, Secretary/Parliamentarian and Immediate Past President.
- (b) **Term of Office.** The term of the Executive Committee coincides with the terms of the officers comprising the Executive Committee.
- (c) **Duties and Responsibilities:**
 - (1) To provide a forum for communication among members, any related professional organizations, and CSAC.
 - (2) To initiate, supervise and review all projects, programs or internal business affairs of the organization referred by the membership of its officers, CSAC, or related professional organizations.
 - (3) To act on behalf of and for the organization between meetings.

Section 3 – Nominating Committee

- (a) **Membership.** The President, who must also designate the chair, must appoint the Nominating Committee. The Nominating Committee is comprised of five members.
In appointing Nominating Committee members, the President should consider the factors contained in Article V of these bylaws to ensure the greatest possible representation of perspectives.
- (b) **Term of Office.** Appointments must be made annually, no later than the May meeting of the CSAC Board of Directors and prior to CSAC's Annual Conference.
- (c) **Duties and Responsibilities.** The Committee must meet at least once prior to the business session at the Annual Conference. Its responsibilities are to compile a list of proposed nominees, one for each of the following offices: President, Vice President, Treasurer, Secretary/Parliamentarian, and Board Members as prescribed by Article IV, Section 1.

Section 4 – Ad Hoc Committees

Upon direction of the organization's membership, the Executive Committee, or the organization's President; Ad-Hoc committees may be established to analyze a special issue pertinent to the organization's membership and/or to provide a forum for the collection and dissemination of information on a subject not pertinent to the responsibilities of any other committee.

The President determines membership selection and their numbers. The term of office of Ad-Hoc committees automatically terminates 30 days after the close of CSAC's Annual Conference held subsequent to the committee's appointment, unless the incoming President extends the term.

ARTICLE X – NATIONAL ASSOCIATIONS

The organization actively encourages and supports the formation and operation of national organizations as a way for members to meet with one another and promote the purpose of the organization as articulated in Article II of these bylaws.

ARTICLE XI – PARTICIPATION IN CSAC PROGRAMS

Organization members are encouraged to participate in, and contribute their perspective to all CSAC activities and programs, including membership in any CSAC policy committees. Organization Members should make their interests in participating in these activities and programs known to the organization President, who must make this interest known to the CSAC President.

ARTICLE XII – RELATIONSHIP WITH CSAC

Section 1 – Agreement

The organization's relationship with CSAC is determined by a written agreement between the organization and CSAC's Board of Directors. The agreement covers such items as CSAC staff support for organization activities, the organization's adoption of bylaws, and the organization's use of CSAC's name.

Section 2 – Organization Approval of Agreement

The Executive Committee of the organization is responsible for reviewing the agreement between the organization and CSAC. After this review and, if the Executive Committee approves of the agreement, the President is authorized to sign the agreement on behalf of the organization.

ARTICLE XIII – DUES AND FINANCES

Section 1 – Dues

Each member must pay to this organization any annual dues proposed by the organization's Executive Committee and approved at the organization's Annual Meeting by a majority of the quorum of the organization as provided for in Article VII. All dues revenues must be placed in the organization's treasury.

Dues are flat rate and are not pro-rated throughout the year. No dues or any part thereof are refunded upon termination of membership.

A failure to pay any duly approved dues in a timely fashion makes an individual ineligible for membership.

Section 2 – Other Revenue Raising Activities

The organization may engage in other activities which are approved or authorized by the membership and are consistent with CSAC policies, including but not limited to production of publications and seminars of interest to the organization membership. The organization may charge reasonable fees in connection with such activities; any amounts that exceed the costs of production related to these activities must be placed in the organization's treasury.

Section 3 – Treasury

All funds received by the organization must be deposited in a federally insured institution within California in the name of the organization. Funds may be disbursed only upon approval by the Executive Committee. Funds may be disbursed only by check drawn upon this account, signed by any two officers. The officers may delegate all or part of the authority to sign checks as part of the contract referred to in Article XII of these bylaws.

ARTICLE XIV – RULES OF ORDER

Subject to the provisions of CSAC's Constitution and/or other policies therefrom, *Robert's Rules of Order* apply at all organization meetings.

ARTICLE XV – ADOPTION, AMENDMENT AND AVAILABILITY OF BYLAWS

Section 1 – Adoption

These bylaws become effective and operative when sanctioned by CSAC's Board of Directors and approved by a majority of eligible voting member-candidates wishing to establish the Latino Caucus at the conclusion of CSAC's November 29, 2012 Board of Directors meeting. Voting must be in accordance with the requirements of Article VII.

Immediately following adoption of these bylaws, the organization must elect the officers identified in Article IV.

Section 2 – Amendment

These bylaws may be amended at the organization's meeting during CSAC's Annual Conference. Bylaw amendments require a majority vote of approval by those members in attendance. Proposed amendments must have first been prepared in writing, together with a statement of support therefore, and submitted to the Executive Committee so as to permit its review and consideration. The proposed amendment(s) and any written comments from the Executive Committee, including correspondence of support or opposition, must then be mailed to each member at least 60 days prior to the meeting at which time they will be considered for review and study. Such amendments or any approved modification thereof will take effect immediately after voted approval of the membership.

Section 3 – Availability

The President is responsible for making these bylaws available to any member requesting a copy.

ARTICLE XVI – CONFLICT OF BYLAWS AND SEVERABILITY

If any provision, clause, sentence, paragraph or parts of these bylaws are declared to be contradictory or any way in conflict with CSAC's Constitution, policies and/or procedures, that portion becomes inapplicable and CSAC's governance directives shall prevail. If any provision, clause, sentence, paragraph or part of these bylaws or the application of these bylaws to any person or organization, is for any reason adjudged by a court of competent jurisdiction and declared to be invalid, such judgment will not affect, impair or invalidate the remainder of these bylaws or their application to any other person or organization.

We hereby certify the foregoing bylaws of the Latino Caucus were duly approved and adopted this 29th day of November, 2012 in conformity with the requirements of Article XV, Section 1 of these bylaws.



September 25, 2012

To: Executive Committee
California State Association of Counties

From: Jim Wiltshire
Deputy Director

Re: CSAC Achievements Report - 2012

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To say that 2012 was challenging is the quintessential understatement. Since the last achievements report, CSAC entertained running our own constitutional amendment, supported the Governor's compromise initiative, assisted in the development of a new AB 109 allocation, helped craft the language and fiscal structure necessary to implement 2011 realignment, dealt with the dissolution of redevelopment agencies, as well as lobbied on hundreds of legislative measures of significance to counties.

CSAC staff positioned California Counties well in adapting to a governance model aimed at "moving government closer to the people." CSAC's relevance and credibility in the Capitol has been elevated to new heights. Our relationships with the Governor, high-level Administration officials, and the Department of Finance have put counties at the table with the ability to engage in discussion prior to new legislative initiatives taking form. Rather than the traditional reactionary role of CSAC to budget proposals or legislation, we were asked in advance for our input. There were countless times during a floor debate that legislators cited CSAC's position or publicly asked "Where is CSAC on this issue?" This level of access served counties very well in shaping key policy decisions that will affect the delivery of local services far into the future.

I wish to acknowledge the Officers, Executive Committee, and the entire CSAC membership for their support and leadership as counties have worked diligently and responsibly to carry out significant programmatic change. By approaching issues and challenges as partners with the State and in a collaborative manner, we have produced positive results. While much work remains on a range of unresolved and still emerging issues, counties are prepared and positioned to continue working in conjunction with the Governor and his Administration on important policy changes to programs that serve all Californians.

This report, organized by policy area, outlines the enormous efforts taken on by CSAC staff over the past year, as well as challenges facing the organization in the near future. Members of CSAC can take great pride in their hard work and that of their association staff. Despite the many challenges counties are facing in these tumultuous times, we should take the time to acknowledge our collective accomplishments that were carried out with a high level of professionalism, dedication, and expertise. Rest assured that we will continue to build upon these accomplishments.

2011 Realignment

Securing Constitutional Protections

- In partnership with the California State Sheriffs' Association and the Chief Probation Officers of California, CSAC drafted and submitted a constitutional measure that provided protections for realigned programs and revenues transferred to counties in 2011 Realignment for the November 2012 ballot.
- Met with stakeholders, the Legislative Analyst's Office, the Attorney General's Office, and others regarding our constitutional measure, and began strategic planning with campaign consultants and attorneys.
- Maintained an ongoing dialogue with the Administration on Governor Brown's proposal to provide constitutional protections for 2011 Realignment that eventually became Proposition 30 on the November 2012 ballot.
- Vetted Proposition 30 through the CSAC policy committee process, resulting in a "support" position by the CSAC Board of Directors in September 2012.

Fiscal Superstructure

- In collaboration with counties and county affiliate organizations, helped design architecture for permanent funding structure to support entirety of programs transferred to counties in 2011 Realignment.
- Over period of several months, drafted statutory scheme for implementing the structure and met regularly with finance officials to refine details and make needed adjustments.
- Served as liaison to Brown Administration on all 2011 Realignment fiscal issues
- Identified critical issues and helped design solutions to address account, subaccount and special account design; allocation of funds on county-by-county basis; and factors/processes for distributing future growth allocation.
- Developed readers' guide to assist counties in understanding technical complexities of statutory structure.

AB 109 Allocation

- Provide staffing and technical support to Realignment Allocation Committee (RAC) in designing two-year allocation formula to support counties' AB 109 realignment implementation efforts in 2012-13 and 2013-14.
- Solicited input from individual counties and other interested parties.
- Kept counties informed of progress on realignment allocation.
- Provided briefings to CSAC Executive Committee, CAOs, Department of Finance officials, legislative members, affiliate groups, and budget and policy staff about process, timeline, and ultimate recommendations.
- Met with and fielded numerous inquiries from interested parties ranging from the Legislative Analyst's Office, the ACLU, and various media outlets.
- Provide staffing for the Data Advisory Committee to the RAC, charged with evaluating possible data variables for inclusion in a future, permanent funding formula (ongoing).

Streamlining Public Safety Funding

- Reviewed underlying statutory structure for dozen or so public safety subvention programs now funded through 2011 Realignment.
- With a goal of simplifying administrative processes, reducing reporting requirements, and eliminating superfluous statutory requirements, suggested dozens of statutory changes throughout hundreds of pages of code.
- Coordinated with counties and affected public safety affiliates, communicating back to state finance officials about preferred approaches and solutions.
- Amended statutory structure greatly simplified county administrative duties, resulting in a regular and formulaic flow of funds to county departments and programs.

Restructuring Court Security

- Established small technical working group on court security issues to review and recommend changes to the underlying statutory structure governing court security. (Prior to 2011 Realignment, court security funding was channeled through the state court budget process. The funds now come directly to counties and are expressly earmarked for sheriff-delivered court security services. This change fundamentally altered the power dynamic locally and necessitated a revisiting of the existing statutory structure.)
- Worked collaboratively across affected organizations, namely the Administrative Office of the Courts, the California State Sheriffs' Association, and the state Department of Finance, to identify and achieve common goals.
- Through an iterative review and drafting process, helped negotiate a consensus agreement on statutory language that recognizes the different roles and responsibilities of courts and counties in the realigned court security world.
- Resulting language provides counties with protection and recognizes ultimately authority of board of supervisor in entering into a court security memorandum of understanding.

Health and Human Services Trailer Bills

- Worked with county affiliate organizations – the County Welfare Directors Association, the California Mental Health Directors Association and the County Alcohol and Drug Program Administrators Association of California – to identify common issues and themes across the three programmatic trailer bills necessary to implement the HHS component of 2011 realignment.
- Met regularly with the California Health and Human Services Agency, Department of Finance, and relevant state departments to provide input and edits on the HHS trailer bills.
- Secured amendments to the proposed trailer bill that ensured county flexibility and uniformity across state departments in implementation.

CSAC Realignment Work Group

- Convened and staffed regular Realignment Work Group calls.
- Developed agenda and materials for work group calls.

- Outside of work group calls, transmitted updates as necessary solicited input on key policy developments.

Public Safety Realignment Training

- To manage and administer joint training resources (\$2 million) provided by the state to help counties' statewide efforts in implementing realignment, CSAC established Governing Board that provides guidance and direction to participating foundations – California Counties Foundation, the California State Sheriffs' Foundation, and the Chief Probation Officers of California Foundation.
- Staffed Governing Board meetings, developed materials and presented recommendations for workplan and both short- and long-term goals.
- Drafted and helped coordinate with other associations narrative content and financial details required by statute for submission to the Board of State and Community Corrections.
- CSAC Finance staff is responsible for providing accounting services for the pooled funding for the three associations.
- In collaboration with sheriff and probation association staff, met to brainstorm and refine training topics, design and deliver training, and develop a longer-term workplan.
- In late summer 2012, Governing Board approved a contract with two organizations for both logistical and content support to help carry out training efforts over long-term.

General Education and Outreach

Participated in panel presentations, briefings, and other outreach efforts for various groups statewide, including:

- California Mental Health Directors Association, Forensic Executive Committee
- Chief Probation Officers of California
- California State Sheriffs' Association (CSSA)
- CSSA Financial Managers
- Association of Criminal Justice Researchers
- California Forward: Partnership for Community Excellence
- Criminal Justice Realignment Conference sponsored by UC Berkeley's Goldman School of Public Policy
- State Association of County Auditors
- County Property Tax Managers
- Seize the Day Conference
- County Alcohol and Drug Program Administrators Association of California
- Senate Budget and Fiscal Review Subcommittees
- Assembly Budget Subcommittees
- Legislative Analyst's Office
- Children's mental health providers
- Child Welfare Council

General implementation activities

- Participated in regular meetings with Brown Administration – Governor's Office, Department of Finance, Department of Corrections and Rehabilitation – along with sheriff and probation chief representatives to share information, identify issues, and design solutions to public safety realignment implementation issues.
- Contributed input into technical and clarifying statutory changes associated with various provisions associated with Realignment implementation; solicited ideas from and conferred with counties on best approach to resolution.
- Drafted and circulated informational and clarifying memos to counties on a variety of realignment-related topics, including: account structure, key fiscal matters, and the AB 109 allocation process.

Contracted Services with CDCR

- Served in liaison/coordinating role among counties and sister county associations – Urban Counties Caucus and Regional Council of Rural Counties – and the California Department of Corrections and Rehabilitation on two potential contractual approaches to benefit counties.
- The first relates to the ongoing use of fire camp beds that in the future could be populated by county inmate (rather than state prison, as the programs ran previously) and the second would permit specified small counties to contract back with the state for beds (with a cap on counties' exposure) to house inmates whose medical needs exceed the capacity of the county.

Developing Rural Capacity

- In response to concerns unique to small counties, convened several meetings of rural and other county representatives to identify issues and explore resources and services that could assist in supporting realignment implementation.
- Brought in various outside speakers as part of CSAC policy committee discussions and stand-alone meetings to expose counties to possible resources to help advance unique and innovative programmatic approaches and to share ideas on how best to leverage outside resources and expertise to manage new populations.

Governance, Finance and Operations

Redevelopment Agency Dissolution

Participated in stakeholder discussions with the Department of Finance, State Controller's Office, Attorney General's Office, League of California Cities, and State Association of County Auditors regarding the implementation of AB 26X.

- Shared information with counties regarding a variety of implementation issues requiring state advice.
- Participated in conference calls and meetings with counties to discuss implementation issues and share information.

- Coordinated efforts with the CAOAC Redevelopment Dissolution Working Group to identify and communicate issues of concern to the Department of Finance.
- Planned a workshop at the CSAC Legislative Conference in May 2012 to educate members about the dissolution process.

Legislation

AB 1191 (Huber) - CSAC co-sponsored – Basic Aid Counties.

AB 1191 with RCRC to provide state funds to reimburse triple-flip and VLF swap losses to counties and cities in counties where all school districts are basic aid. AB 1191 died in Senate Appropriations Committee. Dead.

SB 1156 (Steinberg) - Support – Redevelopment.

Would allow redevelopment-like activities in transit-priority areas. CSAC worked extensively with Senate President Pro Tem Steinberg and the bill's proponents to remove objectionable language and include language favorable for counties. Governor's desk.

AB 1585 (Pérez) – Support – Redevelopment.

An earlier version of the bill would have made a large number of changes to the redevelopment dissolution process, most significantly the local retention of affordable housing funds for affordable housing purposes, instead of being distributed among taxing entities. The other changes amounted to a significant easing of the strict process for winding down former redevelopment agencies' finances. CSAC worked with the Speakers office on a number of significant issues before the bill was amended to deal with other issues. Governor's desk.

AB 1050 (Ma) – Support – Wireless Services.

CSAC worked extensively with the author's office and the bill's proponents over the course of two years to devise a system for collecting and distributing state and local taxes and fees on prepaid wireless services. Dead.

AB 1692 (Wieckowski) – Oppose – Municipal Bankruptcy.

CSAC and other local agency associations defeated this bill that would have reneged on last year's contentiously negotiated agreement on the municipal bankruptcy process. Dead.

SB 1272 (Kehoe) – Support – Elections.

This bill makes an important change to the term of central committee members, saving counties significant funds and man-hours related to their election. Governor's desk.

AB 1413 (Fong) – Support – Elections.

This bill fixes several issues related to the statutory implementation of Proposition 14 (top-two primary), making future elections less expensive for counties. Chaptered.

SB 1566 (Negrete McLeod) & AB 1098 (Carter) – Oppose Unless Amended – VLF.

These bills would have jeopardized future 2011 Realignment funding levels by allocating VLF funds to certain cities. Despite working extensively with the bills' proponents, counties' concerns were unaddressed in the final version. Vetoed.

State Budget

- Defeated a last-minute proposal to invalidate local pass-through agreements counties have with former redevelopment agencies. If enacted, the proposal would have cost counties hundreds of millions of dollars.
- The budget backfills Amador County for losses related to the triple-flip and VLF swap. They are unable to obtain these funds from schools, as intended, because all the schools in the county are basic aid.
- CSAC and treasurer-tax collectors strongly opposed a budget provision, included in the final budget, that allows a county to provide dry-period financing to charter schools using county funds. The provision is likely unconstitutional since it would require extending credit to private entities and co-mingling public and private funds, both prohibited.
- CSAC testified on the Governor's proposal to repeal or make permissive a large number of mandates, those suspended every year for between three and twenty years. The proposal was not enacted.

Employee Relations

Retirement - After dominating the political discussion in Sacramento for several years, a pension reform bill was finally passed on a bi-partisan basis and signed by the Governor on September 12, 2012. AB 340, the Conference Committee Report on Pension Reform, by Assembly Member Warren Furutani and its companion bill AB 197 by Assembly Member Joan Buchanan, provides counties with greater flexibility to negotiate over the full cost of pensions and makes changes that are consistent with CSAC policy. The following are highlights of CSAC staff's work in the area of pension reform:

- Staffed County Administrative Officers Association Task Force on Pension Reform (task force) and subcommittee on 1937 Act Pension Systems.
- At the direction of the task force, drafted updated Guiding Principles on Pension Reform for adoption by the Board of Directors.
- Sought legislation to provide counties with greater flexibility to bargain locally over the full cost of pensions. Legislation is included in AB 340.
- Proposed a compromise to a ban on retirees returning to work before 180 days lapsed. Compromise is included in AB 340.
- In the final weeks leading up to passage of AB 340, met and worked extensively with representatives of the state Department of Finance and the Governor's office to ensure county issues were addressed in AB 340.
- Testified before the Legislature's Conference Committee on Pension Reform.
- Attended a Marin County community pension forum.

Workers' Compensation - In an effort to increase disproportionately low benefits provided to injured workers and reduce unnecessary costs to employers, legislators in the last days of session approved a bill aimed at reforming California's workers' compensation system. SB 863 will lessen frictional systemic and litigation costs for employers while increasing permanent disability benefits to injured workers by \$740 million. The reform comes as the Department of Industrial Relations prepares to update the Official Medical Fee Schedule which will likely result in an 18 percent increase in permanent disability costs to employers. CSAC staff:

- Attended meetings with Governor Brown and his staff to ensure that the needs of public employers were addressed by the legislation.
- Worked with county risk managers and other county staff to analyze the intricacies of the bill's language.
- Joined a coalition of labor and large employers to support the bill, recognizing the need to balance increased benefits with savings to employers.
- Iterated the need to Governor Brown to include public employers in the development of regulations to implement SB 863.
- Testified before legislative committees.

Employee Relations Legislation

AB 1248 (Hueso) – Watch - Local public employees retirement This bill, as introduced would have limited counties options for providing private benefits as an alternative to social security. Staff successfully advocated amendments to the bill and it was ultimately amended to only affect one city. Governor's desk.

AB 1606 (Perea) – Watch - Impasse Procedures

AB 1606 was introduced to clarify that fact finding is required even where mediation does not occur. Staff secured amendments to conform AB 1606 to existing regulations. Chaptered.

AB 2451 (Perez, John A.) – Oppose - Workers' Compensation: public safety

As introduced, this bill would have vastly expanded the number of public safety officers whose families could be eligible for death benefits. After negotiations with the bill's sponsors failed, the editorial boards of several papers wrote about the cost impact of the bill. While CSAC remains opposed, the bill was scaled back to only expand the statute of limitations for filing death benefit claims. Governor's desk.

SB 1186 (Steinberg) – Watch - Disability access

SB 1186 would address disability access issues and will significantly change state rules on Americans with Disabilities Act (ADA) lawsuits. CSAC worked with legislative staff to ensure the fair distribution and mitigate the effects of funds collected from one-dollar fee local agencies must include in the applications and renewals for business licenses to help fund the state's Certified Access Specialist Program. Chaptered.

Communications and Coalition Building

The following are ongoing activities:

- Participate in the spring and fall meetings of the County Personnel Administrators Association of California (CPAAC), providing legislative updates and a link to the activities at CSAC.
- Coordinate regular meetings of a group of public sector employer advocates. Identify the public sector employer impact of legislation and advocate as a coalition on many issues. Process coalition letters sent to the Legislature.
- Attend quarterly Public Employment Relations Board meetings.
- Attend the monthly meetings of the CalPERS Board of Administration as well as select committee meetings.
- Coordinate a well-received pension workshop at the 2011 CSAC Annual Meeting.
- Staffed a focus group meeting and assisted in a county survey regarding employee health benefit needs.
- Staff drafts articles for both the *CSAC Bulletin* as well as the *Executive Director's Watch* on timely issues of interest to counties.
- Staff developed a section exclusively providing information on Employee Relations policy issues on the CSAC website.
- Staff regularly edits and distributes the weekly *CSAC Bulletin* and participated closely with other staff on the development and implementation of a new CSAC website.

Future Challenges: The major challenges for CSAC in 2013 in the Employee Relations subject area will be the administrative regulations that will be necessary to implement SB 863, the workers' compensation reform, and the implementation and any subsequent legislation needed on pension reform. The full benefits of the SB 863 savings promised to employers will require close monitoring of the regulatory process. Further, it will be necessary to protect against any erosion of the authority granted to employers to negotiate pension changes in AB 340.

Agriculture and Natural Resources

U. S. Forest Service and BLM Relations – After several years of work, the CSAC Board of Directors adopted the statewide voluntary Memorandum of Agreement (MOA), which outlines a structure under which counties and federal public land management agencies consent to communicate and work with one another. Beginning in 2010, CSAC and the Regional Council of Rural Counties (RCRC) began working on a strategy to help counties create a better working relationship with the U.S. Forest Service (USFS) and the Bureau of Land Management (BLM). As part of this strategy, CSAC and RCRC staff negotiated with the USFS and the BLM to create a statewide voluntary MOA. The MOA has officially been adopted by CSAC, RCRC, USFS and BLM. It is now available for counties to utilize, if they so choose.

Flood Control – After roughly five years of collaboration with CSAC staff and the County Engineers Association of California (CEAC), the Department of Water Resources is in the process of finalizing statewide flood control needs assessment, formally referred to as “*California’s Flood Future Report*”. CSAC staff and members of the CEAC Flood Control Needs Assessment Team provided significant input into the development of the report and a “*California Flood Future Highlights*” document which is expected to be released to the public this November, with the full report being made available by the end of the year. This comprehensive report will present the first-ever, systematic description of California’s flood risk management needs and high-level recommendations designed to help guide future Federal and State policies and investments related to flood management.

Conversion Technology – CSAC staff worked closely with the County Engineers Association of California (CEAC) to advance the timely development of solid waste conversion technology facilities in California in order to reduce dependence on landfill disposal and generate electricity. CEAC has created a Working Group dedicated to this issue, which CSAC staffs. In addition, CSAC participated in a number of meetings with State Agency secretaries and directors this past year to discuss the development of a regulatory path for conversion technology in California.

Renewable Energy – With the Governor’s attention on renewable energy this year, CSAC staff was engaged in a number of efforts and conversations surrounding the siting and development of renewable energy sources. CSAC staff assisted the County Planning Directors Association in their efforts to develop a model solar ordinance for the siting of renewable energy projects. In addition, CSAC staff worked with the Governor’s Office of Planning and Research (OPR) on the development and distribution of the Solar Planning Guide.

Legislation

AB 1532 (Perez)/ SB 1572 (Pavley) – Support – CAP and Trade.

The fight for Cap and Trade dollars was at a fever pitch this year. Out of the myriad of bills introduced that would have allocated Cap and Trade funds, two bills emerged as the lead vehicles for this topic: AB 1532, by Assembly Speaker John Perez and SB 1572 by Senator Fran Pavley. CSAC was successful in including language in both of these bills that would allow local governments to be eligible recipients of Cap and Trade funding for the purposes of engaging in activities to reduce greenhouse gas emissions. CSAC took an active role in negotiations and was able to secure public agency eligibility for these funds – a big success considering the number of groups vying for these dollars. Governor’s Desk.

AB 1634 (Chesbro) – Concerns – Organic Waste.

In the last month of the legislative session, a proposal emerged that would have mandated separate hauling and recycling for organic waste such as food waste or green material by businesses, multi-family dwellings of five or more units and public

entities. CSAC worked closely with the proponents, author's staff and the legislative consultants to express our concerns and problems with AB 1634, by Assembly Member Wesley Chesbro. CSAC and other opponents felt that the bill would have usurped the AB 341 (Chesbro, Chapter 476, Statutes of 2011) process, which established a new statewide policy goal of 75 percent diversion of solid waste. AB 341 also created a process that committed the Department of Resources, Recycling and Recovery (Cal Recycle) to working with stakeholders over an 18-month process to vet suggestions and ideas relative to increased diversion. Given the concerns expressed by CSAC and other local government stakeholders. Dead.

SB 1241 (Kehoe) – Neutral – General Plans.

CSAC was successful in obtaining amendments to SB 1241, by Senator Christine Kehoe, that allowed us to remove our opposition. This bill requires cities and counties to review and update their General Plan's Safety Element to address fire risks on land classified as State Responsibility Area (SRA) and very high fire hazard severity zones. The senator agreed to amendments that addressed our concerns with the costs associated with its implementation, linkage with the housing element update, and duplicative requirements. Chaptered.

SB 1278 (Wolk) – Support – General Plans.

CSAC staff worked to pass critical technical clean-up language to SB 5 (Machado, Chapter 364, Statutes of 2007) one of a six-bill flood protection package signed into law in 2007. The original legislation, SB 5, requires each city and county in the Sacramento-San Joaquin Valley to comprehensively address flood management and flood risk issues within their general plans and zoning ordinances following the adoption of the Central Valley Flood Protection Plan (CVFPP). CSAC and other local government stakeholders were successful in negotiating amendments to SB 1278, by Senator Lois Wolk, that address significant implementation challenges associated with SB 5. The bill would allow for additional time to amend general plans, establishes a process for addressing areas outside of the State Plan of Flood Control, and clarifies that "urban level of flood protection" does not mean shallow flooding or flooding from local drainage. Governor's desk..

SB 1222 (Leno) – Oppose – Siting Renewable Energy Facilities.

With the Governor's push to increase renewable energy production, there has been tremendous pressure on local governments to expedite the permitting and siting of renewable energy facilities. SB 1222, by Senator Mark Leno, would place a cap on solar permitting fees. CSAC was successful in negotiating amendments to SB 1222 that lessen the impact of the bill by allowing for a process to adopt higher permitting fees outside of the cap. Despite these amendments, CSAC remains opposed to the bill due to its precedent setting nature. Governor's desk.

Regulatory Action

CSAC staff engaged in the regulatory process on a number of different fronts this year with particular focus on proposed rulemakings before the State Water Resources Control Board (Water Board). Hold overs from last year remain a concern, including the Municipal Separate Storm Water System (MS4) Permit and the Industrial Storm Water General Permit. Staff prepared comments on the latest versions of these permits, and also actively engaged in discussions with the Administration regarding the Water Board's proposed wetland regulations.

Lastly, CSAC also submitted comments on the Delta Stewardship Council's Draft Environmental Impact Report (EIR) for the Delta Plan, the Central Valley Flood Protection Plan, and the Army Corps of Engineers' (Corps) Policy Guidance Letter (PGL) – "Process for Requesting a Variance from Vegetation Standards for Levees and Floodwalls".

Other Efforts

At the request of the County Engineers Association of California (CEAC), CSAC staff coordinated and participated in discussions among public works officials regarding the state and federal disaster assistance approval process. These discussions focused on a perceived trend by the State to move in a direction of not seeking federal declarations and/or providing recovery assistance to local agencies struggling in the aftermath of a disaster. CSAC communicated these concerns to the Governor; and the California Emergency Management Agency has expressed a willingness to engage in further discussions with county officials.

CSAC continued to advocate for a streamlined 404 Permit process for maintenance activities within flood control channels and basins, whether it be through a legislative or administrative solution. In addition, CSAC remained vigilant in seeking a modification to the Army Corps of Engineers' (Corp) levee vegetation policy to allow not only a variance but also an exemption to the policy. Additional details regarding these two issues are provided later in this report under the federal legislative achievements section.

Lastly, CSAC became a member of the Agricultural Flood Management Alliance, a group of local agencies and landowners organized to pursue the creation of a new agricultural flood hazard area under the National Flood Insurance Program (NFIP). This is an effort that will very likely continue into next year.

Future Challenges

For Agriculture and Natural Resources future challenges include on-going regulatory issues with minimal funding; overcoming opposition to innovative waste management technologies; engaging at the California Air Resources Board for Cap/ Trade Funds; and addressing outstanding issues related to the implementation of SB 5, the 2007 flood protection/land use legislation.

Administration of Justice

The primary focus of the Administration of Justice unit in 2012 was the considerable implementation work associated with 2011 public safety realignment, detailed in a separate section in this document. As for legislative matters, CSAC engaged on several bills of significance to counties, which are summarized below and grouped by general subject matter.

2011 Realignment-Related Legislation

AB 2031 (Fuentes) – Oppose - Composition of Board of State and Community Corrections and Community Corrections Partnership

CSAC advocated in opposition to this bill, which would expand by four members the newly established Board of State and Community Corrections (BSCC) as well as the Community Corrections Partnership (CCP). Both bodies have significant roles in implementing 2011 public safety realignment (i.e., AB 109). The BSCC has a statewide role in providing policy development and technical assistance to counties, while the CCP is the local planning body charged with developing plans for implementing AB 109 in each of the 58 counties. CSAC's opposition – registered jointly with the Urban Counties Caucus – is based on the fundamental principle that it is simply too soon to begin tinkering with the underlying structures intended to support realignment. Sponsored by county labor groups (primarily those representing probation and sheriff line staff), AB 2031 garnered significant opposition from other key public safety groups, including the statewide sheriffs' and probation chiefs' association. Governor's veto requested.

AB 1968 (Wieckowski) – Oppose - Arming of Probation Officers

Although AB 1968 was amended several times to narrow and refine the purpose of the bill – presumably due to significant county and probation opposition as well as significant costs, CSAC remained opposed to AB 1968 and has requested a Governor's veto. Initially introduced to mandate that any probation officer (line staff) with a high-risk case be armed, the bill now would require, by July 2013, that a chief probation officer develop a policy regarding line-staff arming if such a policy does not otherwise exist. The bill is unnecessary and is viewed as an inappropriate intrusion on local control and decision making processes. Governor's veto requested.

AB 1323 (Gatto) – Oppose – Post-Release Community Supervisor Population

This bill, sponsored by an individual city in the County of Los Angeles, would have established the authority for cities to set up a registry of adult offenders who, under the provisions of AB 109, are supervised by probation in the community after release from state prison. Arguing that this information already is centralized with each county's probation department and raising concerns about the potential jurisdictional confusion that this bill would cause, CSAC, probation chiefs, and others opposed the bill. It died following its first policy committee hearing. Dead.

SB 1210 (Lieu) – Support - Collecting Victim Restitution in Realigned World

Sponsored by the Los Angeles County and the California District Attorneys Association, CSAC facilitated extensive technical input into this measure, which is intended to address an oversight in the 2011 public safety realignment. AB 109 and its successor measures in 2011 did not contemplate an administrative structure or authority to collect victim restitution from the adult offender populations that remain in counties' jurisdictions following realignment. This measure puts the necessary structure and authorities in place. CSAC ultimately supported the bill. Governor's signature requested.

SB 1351 (Rubio) – Support - Peace Officer Status in Community Correctional Facilities

CSAC supported this technically necessary bill given that it meets an overarching county objective in the context of realignment: to ensure both variety and viability in the options and tools counties can choose from in managing new offender populations, up to and including impacts on local jails. Specifically, this bill confers peace officer status on correctional officers employed by a community correctional facility (CCF) operated by a public entity (generally a city). These facilities were designed and built to house lower-level state prison inmates. The California Department of Corrections and Rehabilitation contracted directly with CCFs for services. Following realignment, the offender populations appropriate for CCF placement now are in the jurisdiction of counties. SB 1351 is meant to ensure that peace officer status, as outlined in Penal Code Section 830.55, extends to CCF correctional officers in the context of new contractual arrangements between counties and CCFs. Chaptered.

SB 1462 (Leno) – Technical assistance/input offered - Compassionate Release/Medical Probation

Sponsored by the Los Angeles County Sheriff, SB 1462 builds on a similar measure also authored by Senator Mark Leno (SB 1399, 2010) that created a medical parole program for incapacitated state prisoners. SB 1462 would create a compassionate release program, giving authority to the sheriff – based on a medical professional's recommendation – to release a prisoner who has less than 6 months to live and who poses no public safety threat. It also would create a medical probation status for jail inmates who are physically incapacitated but who can be safely supervised in the community. The objective behind the bill is two-fold: 1. To create a new tool for managing jail populations and 2. To eliminate the costs of custody for county jail inmates suffering from significant health problems who can be safely managed in the community. CSAC solicited input and feedback from a number of affected county departments on this bill and successfully negotiated against late amendments offered by the Department of Health Care Services that would have largely been detrimental to county efforts. Governor's desk.

Brown Act

AB 1670 (Campos)/SB 1403 (Yee) – Oppose - Making Assessment Appeals Boards Subject to Brown Act

CSAC, the Regional Council of Rural Counties (RCRC), and UCC joined with individual county advocates and other county affiliates to (twice!) defeat an effort in 2012 to make local assessment appeals boards (AABs) subject to the Brown Act. The sponsors of the bill, the California Realtors' Association, could not articulate a specific, practical need for the bill or identify any real-world problems that the bill would have addressed. Counties, the clerks of the board, and other industry interests argued that AABs, quasi-judicial bodies, are wholly inappropriate for the type of restrictions and requirements that come with the Brown Act. After their first attempt failed in the Assembly, the realtors attempted to reintroduce the bill in the Senate. Vociferous public agency opposition assured that neither attempt was successful. Dead.

SB 1003 (Yee) – Neutral - Litigation over Alleged Past Violations of Brown Act

SB 1003 arose from a situation in a county involving a board's past action deemed to be in violation of the Brown Act. CSAC, RCRC, and UCC jointly engaged on the bill with other interested public entities (e.g., cities, school boards, and special districts) in an effort to negotiate a compromise approach. With the assistance and advice of county counsel, the county coalition offered amendments that led to our dropping opposition to the bill. As presented to the Governor; the bill offers a cease-and-desist process, limits public agencies' exposure in past-action litigation, and offers more certainty and clarity for a public agency that has corrected an action or practice that had been alleged to be in violation of the open meeting act. Negotiated agreement led to dropped opposition; awaiting Governor's action.

SB 1002 (Yee) – Opposition Dropped - Open Format Requirements for Public Records

In its original form, SB 1002 would have imposed significant and costly requirements on state and local agencies to provide public records in an "open format." CSAC, RCRC, and UCC opposed this measure along with many other public entities. After months of working with the author's office and seeking amendments and clarifications, the costs and complexities of the measure became clear, and the author gutted the bill. As presented to the Governor, SB 1002 would require the state's Chief Information Officer to assess the feasibility of providing public records in an open format. Cities and counties would seek avenues to be actively involved in that evaluation, should the Governor sign the bill. Governor's desk..

Housing Land Use and Transportation

State Budget -Transportation Funding

CSAC was instrumental in negotiating the recently enacted Transportation Tax Swap (Swap). Specifically, we were successful in ensuring that counties continue to receive gas tax monies for the county transportation system. The FY 2012-13 State Budget

appropriated \$708.5 million to counties and cities from new gasoline excise tax revenues, or the Highway User Tax Account (HUTA), pursuant to the Swap and formerly Prop 42 revenues. Counties are estimated to receive approximately \$354 million. Counties will also continue to receive \$500-\$550 million from the historic share (0.18-cent) of the state gas tax.

Continuous Appropriation for Transportation Funding

CSAC, along with other transportation stakeholders, was successful in working with Department of Finance (DOF) to ensure gas taxes are continuously appropriated even in years budgets are adopted late. This has been a goal of the Association's for several years.

Planning Mandates

As a part of the Governor's January Budget Proposal, the Administration proposed to repeal a number of local government mandates. A majority of the mandates have been suspended for two or more years. However, CSAC opposed two of the mandates slated for repeal related to the development of Local Coastal Plans (LCPs) and the operation of Airport Land Use Commissions (ALUCs). Even though the statutes have been optional for counties given the mandate suspensions, a repeal of the mandate would have repealed the statutory authority to engage in these two kinds of planning activities. These two proposals were held up in legislative budget hearings and were not included in the final budget package.

Legislation

CSAC had a number of legislative wins in the housing, land use, and transportation policy areas in 2012. The following are highlights of the most significant legislative victories:

AB 890 (Olsen) – Support - CEQA Exemption: Safety Projects

AB 890, by Assembly Member Kristin Olsen, and sponsored by Tuolumne County, exempts from the California Environmental Quality Act (CEQA) repair, maintenance, and minor alterations of existing roadways, provided the project is initiated by a city or county to improve public safety, does not cross a waterway, and involves negligible or no expansion of an existing use. The exemption would only apply to a city or county with a population of less than 100,000 persons and would sunset January 1, 2016. While the exemption is narrowly defined, achieving any kind of CEQA streamlining is nearly impossible in today's legislative arena. Governor's Desk.

AB 904 (Skinner) – Oppose -Local Government: Parking Spaces: Minimum Requirements

AB 904, by Assembly Member Nancy Skinner, would have prescribed a one-size-fits-all parking standard for most infill projects on a statewide basis eliminating local discretion to determine the appropriate on-site parking requirements for individual developments in light of overall neighborhood conditions and needs. CSAC, working with stakeholders, was successful in stopping this measure in policy committee. Dead.

AB 1627 (Dickinson) – Oppose - Building Standards: Vehicle Miles Traveled

AB 1627, by Assembly Member Roger Dickinson, would have established a very heavy handed state mandated approach to reducing vehicle miles traveled before a city or county could issue a building permit for a development. CSAC and other local government interests adamantly opposed the measure. After several lengthy negotiations without resolution, the sponsors held the bill. Dead.

AB 2231 (Fuentes) – Oppose - Sidewalks: Repairs

AB 2231, by Assembly Member Felipe Fuentes, took various forms over the legislative session that in some way tried to hold counties and cities responsible for sidewalk repairs damaged by a plant or tree and would have prohibited the local government from imposing an assessment on the property owner for the cost of the repair. The measure was held in fiscal committee after CSAC and other local government stakeholders successfully advocated against this adverse, precedent-setting proposal. Dead.

SB 1156 (Steinberg) – Support - Redevelopment

SB 1156, by the President Pro Tempore, would provide a new economic development tool to substitute for the loss of redevelopment agencies. CSAC worked extensively with staff and the sponsors to shape the bill in the interest of counties. We were successful in addressing governance issues to ensure counties do not lose or contribute property taxes without their consent. Further, we were also successful in getting a specific list of eligible uses included in the bill on behalf of counties to further our efforts associated with county responsibilities under realignment from 2011. Governor's Desk.

SB 1396 (Dutton) – Oppose - Cap on the State Gasoline Excise Tax

SB 1396, by Senator Robert Dutton, would have capped the state excise tax on gasoline at 35.7-cents and limit the sales tax to the first \$4.00 per gallon of gasoline. CSAC was in strong opposition to the measure as existing gas tax revenues are insufficient to address our growing transportation system maintenance and preservation needs. Due to our opposition and others, the Senator dropped the bill. Dead.

Administrative Efforts

California Environmental Quality Act (CEQA) Working Group

At the start of the 2012 legislative session, CSAC staff continued their efforts from the previous fall on a number of issues related to CEQA. While we can only currently claim success over the passage of AB 890, mentioned above, several CEQA reform groups continue work on a more comprehensive CEQA reform package. CSAC continues to be involved in order to shape any outcomes on behalf of county government. Specifically, CSAC will continue to seek a remedy in law that would allow CEQA streamlining for infill projects in unincorporated areas as current law only provides this incentive to cities and unincorporated islands.

Cap & Trade

CSAC staff spent a significant amount of time working on a proposal related to the allocation of revenues from the AB 32 cap and trade program. Specifically, we have been exploring ways to invest cap and trade auction revenues derived from vehicle fuels in a way that achieves AB 32 objectives and builds on the framework of SB 375 and other greenhouse gas emission reduction strategies. As part of a coalition of private sector, transit, and regional and local government stakeholders, staff worked directly with the Administration and the California Air Resources Board to forward the proposal and engaged with Legislators and staff to incorporate our principles into cap and trade legislative efforts. CSAC staff remains actively engaged on this issue and expect this work to continue into 2013 and beyond.

High-Speed Rail

CSAC has supported the High-Speed Rail (HSR) project since 2007. However, by early 2012, the project had significant cost increases and changes in terms of design and implementation. Some counties expressed concern over the HSR Authority's work to address local impacts and whether CSAC policy was sufficient. CSAC created a Task Force and successfully updated the policy and has started working with Authority staff to see that counties concerns are considered and addressed within the HSR project.

Housing Element Working Group

CSAC began the year closely engaged with the administration in an effort to address budget cuts to the State Department of Housing and Community Development (HCD) and develop housing element reform. We worked with a coalition focused on reforms related to HCD's review of housing elements, as well as housing element statutes. While these efforts continue, we were successful in developing policy that continues to be debated through an established housing element working group.

Federal Priorities

MAP 21: Moving Ahead for Progress in the 21st Century Act

Congress passed and the President signed a long awaited for reauthorization of the federal surface transportation measure in late June and early July 2012. In a major victory for California's counties, the transportation measure (MAP 21) retains a dedicated federal funding stream for off-system bridges. The bill also includes various provisions aimed at shortening the length of the transportation project delivery process which was another priority for CSAC.

CSAC staff has recently dedicated significant time to state implementation of the new federal authorization, an effort that will continue into the next legislative session. MAP 21 provides a significant overhaul to the funding structure previously in place under SAFETEA-LU, which therefore requires changes to state law but also represents an opportunity to reexamine how the State funds transportation projects in California. For our part, CSAC will advocate to retain a statewide highway bridge program, be involved in the federal and state processes to develop federally required performance targets and measures, and provide input into the development of the federal guidance for the new project delivery and environmental review streamlining.

Tribal Fee-To-Trust Process

CSAC continues to work with the multi-state coalition regarding federal fee-to-trust reform. In 2012, we continued to monitor congressional efforts to provide a “clean fix” to the *Carcieri* decision without comprehensive reforms to address local government concerns. CSAC also remains proactive in garnering support in Congress for our adopted priorities for federal fee-to-trust reform.

Health and Human Services

CSAC Health and Human Services activities in 2012 focused primarily on the 2012-13 state budget and implementation of 2011 realignment. Please see the realignment section of this document for additional detail.

2012-13 State Budget

The CSAC Health and Human Services unit responded to budget proposals from the Governor in 2012, many of which contained significant impacts for health and human services at the county level. CSAC weighed in on a number of proposals, including:

- Restructuring of the CalWORKs program
- Coordinated Care Initiative (Duals Pilot Project)
- Healthy Families to Medi-Cal shift
- In-Home Supportive Services cuts
- 2011 Realignment implementation

Additionally, CSAC staff negotiated a fair deal for counties on the creation of a county maintenance of effort (MOE) for the In-Home Supportive Services Program. The MOE is in exchange for the current share of cost structure and is tied to the state taking over collective bargaining for IHSS.

CSAC worked with the Administration over the summer to restore \$80 million in CalWORKs funds that were cut from county administrative funds in the 2012-13 budget (AB 1477).

CSAC also continues its coordination on health and human services budget issues with a broad coalition of stakeholders, including counties, county affiliates, labor, poverty advocates, social services stakeholders, health stakeholders (hospitals, clinics, doctors, and nurses), and the faith community.

Federal Health Care Reform – State Implementation

In addition to the advocacy efforts at the federal level regarding health care reform, CSAC continues activities within California on state implementation efforts as they impact counties.

CSAC took positions on several pieces of state implementing legislation. However, the Administration is delaying action on many legislative issues and announced the

Governor will call a special session on health reform in December of January. Issues to be discussed in the special session will likely revolve around eligibility processes and benefits structures.

CSAC is meeting regularly with county affiliate organizations and the Administration about implementation issues. CSAC is also participating on a state-level implementation work group. CSAC continues to position itself as a key stakeholder in the implementation process and will ensure that the county perspective is heard on this issue.

In addition to Legislative activities related to health reform implementation, CSAC is working with the California Health Benefits Exchange.

The Exchange will help California consumers and small businesses shop for and buy competitive health insurance starting in 2014. The California Health Exchange Board is tasked with implementation of the federal Affordable Care Act, and is working in partnership with the Brown Administration and Department of Health Care Services on a number of outstanding issues.

CSAC has been very involved in working with the Exchange staff on designing a framework for Service Centers to serve individuals eligible for the Exchange and Medicaid expansion population.

CSAC anticipates that this work will continue into 2013.

Coordinated Care Initiative

In January, the Governor introduced a number of major policy changes within the Medi-Cal program aimed at improving care coordination, particularly for people on both Medi-Cal and Medicare. The Administration called the package the Coordinated Care Initiative (CCI). Please recall that the CCI included the following elements:

Dual Eligible Demonstration Projects: Existing law allows up to 4 demonstration sites to improve care coordination for individuals receiving both Medi-Cal and Medicare – known as dual eligibles. The Administration wanted to expand the number of demonstration sites from four to eight. The Duals Demonstration Project would expand the managed care benefits to include the In-Home Supportive Services (IHSS) program, as well as Multipurpose Senior Services Programs (MSSP), Community-Based Adult Services, and skilled nursing facility services.

Long Term Care Services and Supports: The Administration proposed to enroll all Medi-Cal beneficiaries (regardless of whether they are in a duals project) into managed care. The Administration is also proposing to make IHSS a managed care benefit, phasing the implementation to align it with the phase-in of the Duals Demonstration Project.

Managed Care Expansion: The Administration also proposed to expand managed care to the 28 counties currently without a Medi-Cal managed care plan.

CSAC worked very collaboratively with the County Welfare Directors Association, the California Mental Health Directors Association, and the California Association of Public Authorities on a common county approach to the CCI.

CSAC submitted joint comments and letters with these county groups on both the CCI and Duals Demonstration project. Additionally, CSAC is regularly convening the eight pilot counties to assist counties with implementation questions and communication with state agencies and departments. Additionally, CSAC convened counties to work on technical issues related to the IHSS MOE (which is linked to the implementation of CCI).

CSAC's CCI work will continue throughout the fall and into 2013.

Healthy Families Transition

CSAC is working closely with county affiliate organizations, stakeholders, advocacy organizations, the Legislature, and the Administration on implementation of the shift of children from the Healthy Families Program to Medi-Cal. CSAC has a seat on numerous state workgroups and is actively participating in the planning discussions to ensure a smooth transition for Healthy Families Program beneficiaries.

Partnerships

The Health and Human Services unit continues to build on successful partnerships and relationships in legislative and budget advocacy efforts, including county affiliate organizations, county caucus, organized labor, poverty advocates, and others.

In addition, the unit continues to work closely with the foundation community on federal health care reform implementation and implementation of California's 2010 Bridge to Reform waiver. CSAC and the Blue Shield Foundation are collaborating on funding opportunities for counties related to the transition of adults from the Low Income Health Program and indigent programs to Medi-Cal.

Legislation

The CSAC Health and Human unit was involved in a number of bills during the legislative session. The unit took active positions on more than 50 pieces of legislation, 15 of which were sent to the Governor's desk. Additionally, no measures that we opposed made it to the Governor this year. Significant bills included:

SB 1528 (Steinberg) – Oppose – Medical Liens

SB 1528 was amended late in the legislative session with provisions that would have undermined the intent of California's Medical Injury Compensation Reform Act (MICRA) and established case law. The amendments would have counteracted the benefit of the medical lien provisions and created additional costs for counties, and CSAC was successful in stopping the bill from getting off the Assembly floor.

AB 540 (Beall) – Support – Medi-Cal

AB 540 would allow counties to create an early screening and brief intervention program for alcohol and drug use among pregnant women in the Medi-Cal program. Governor's desk.

AB 1944 (Gatto) – Oppose - Emergency Medical Emergency Authorities

AB 1944 would have removed the ability of county emergency medical emergency authorities (LEMSAs) to investigate and discipline employees of local emergency agencies. This measure was held in the Senate Appropriations Committee.

AB 2109 (Pan) – Support – Immunizations

AB 2109 requires a parent or guardian seeking an immunization personal belief exemption for their child to provide a document signed by themselves and a licensed health care practitioner acknowledging that the parent or guardian has been informed by the health care practitioner of the benefits and risks of immunization as well as the health risks associated with communicable diseases. The measure elicited significant opposition. Governor's desk.

As noted above, CSAC expects to play an active role in many of the measures and issues related to the upcoming Health Special Session.

Federal Achievements

Typical of most presidential election years, the 2012 legislative session has been marked by a healthy dose of partisanship as Republicans and Democrats worked to promote largely contrasting agendas. Further fueling the usual acrimony on Capitol Hill were a number of complicating factors, including disagreements over how to address the impending across-the-board budget cuts - known as sequestration - that are slated to take effect on January 2, 2013. Lawmakers also wrestled with other fiscal matters, including the fiscal year 2013 appropriations bills and how to address the year-end expiration of the 2001 and 2003 tax cuts.

Despite gridlock on several fronts, Congress was able to make progress on a number of issues of importance to California's counties. Below are some of the notable achievements in the legislative and regulatory arenas, as well as areas where measurable progress has been made.

REAUTHORIZATION OF SAFETEA-LU

After months of delay and uncertainty surrounding the prospects for a new long-term transportation bill, Congress approved a two-year highway and transit reauthorization measure. The law, dubbed the *Moving Ahead for Progress in the 21st Century Act*, or MAP-21, authorizes federal surface transportation investment through September 30, 2014.

In a major victory for CSAC, MAP-21 maintains a dedicated federal funding stream for local off-system bridges. Under the Act, a State is required to obligate for local bridge projects not less than 15 percent of the funds that were apportioned to it under the Highway Bridge Program in fiscal year 2009. CSAC actively lobbied for the inclusion of the off-system bridge set-aside, which was included in the Senate version of the transportation bill via a floor amendment.

MAP-21 also includes various provisions aimed at shortening the length of the transportation project delivery process, which was another CSAC priority. The bill, for example, makes permanent the Surface Transportation Project Delivery Pilot Program, which has allowed California to significantly streamline the process for the delivery of highway projects. Under the new law, the program is expanded to include rail, public transit, and multimodal projects.

In terms of program consolidation, MAP-21 consolidates dozens of transportation programs into four "core" programs. Although the law does not provide dedicated funding for the High Risk Rural Roads (HRRR) program, a priority for CSAC's rural counties, MAP-21 specifies that if the fatality rate on rural roads in a State increases over the most recent two-year period, the State is required to increase spending on rural roads in the next fiscal year.

REAUTHORIZATION OF THE SECURE RURAL SCHOOLS ACT

In a victory for CSAC and California's forest counties, MAP-21 includes a one-year continuation - through fiscal year 2012 - of the *Secure Rural Schools and Community Self-Determination Act* (SRS). MAP-21 also extends - through fiscal year 2013 - funding for the Payments-in-Lieu-of-Taxes (PILT) program. Under the Act, SRS is funded at 95 percent of fiscal year 2011 levels, while PILT is fully funded.

During consideration of the Senate's transportation bill, CSAC played a key role in garnering support for the amendment that extended SRS and PILT. With the support of Senators Dianne Feinstein (D-CA) and Barbara Boxer (D-CA), the amendment, sponsored by Senator Max Baucus (D-MT), was adopted by a vote of 82 to 16.

In fiscal year 2011, California received a total of \$39.3 million in SRS funding, which was distributed to 32 counties. Accordingly, California's counties can expect to receive approximately \$37.4 million in fiscal year 2012.

STATE CRIMINAL ALIEN ASSISTANCE PROGRAM

The U.S. Department of Justice (DOJ) announced in mid-September that it was postponing for one year a recent policy change aimed at eliminating State Criminal Alien Assistance Program (SCAAP) payments to jurisdictions for the costs of incarcerating inmates whose immigration statuses are "unknown." The decision marks a major win for CSAC, which lobbied heavily to prevent the policy change from being implemented. A number of key members of the California congressional delegation joined CSAC in advocating against the ill-advised policy.

Pursuant to DOJ's announcement, the Agency will continue in fiscal year 2012 the practice of providing reimbursement payments to jurisdictions for the cost of detaining individuals whose immigration statuses are unable to be confirmed by the Department of Homeland Security (DHS). It should be noted that so-called "unknown" inmates are classified as such because they have not had prior contact with federal immigration authorities and therefore are not included in the DHS database.

If DOJ's policy had been implemented for the current fiscal year, California's counties likely would have seen their SCAAP payments cut by roughly half. For the 2010 Solicitation Year (the year for which the most recent DOJ vetting data is available), California counties' SCAAP allocations would have been reduced from \$40.8 million to \$21.9 million, a decrease of over 46 percent. Conversely, the state of California and most other states would have seen their SCAAP allocations significantly increase under the policy shift. The reason for the state-county discrepancy is that states house a much lower percentage of "unknown" inmates in their correctional facilities in relation to county jails.

Because DOJ is expected to reissue the policy of eliminating reimbursements for the unknown category of SCAAP inmates next year, CSAC is poised to oppose DOJ's policy shift. The association will be closely monitoring the Agency's actions, and will continue to work with our congressional advocates on this important matter.

INDIAN FEE TO TRUST REFORM

CSAC has continued to successfully oppose congressional efforts to overturn the Supreme Court's *Carcieri v. Salazar* decision, which limits the secretary of Interior's trust land acquisition authority to those tribes that were under federal jurisdiction at the time of the passage of the Indian Reorganization Act of 1934. CSAC opposes reversing the Supreme Court's decision absent concomitant reforms in the land-into-trust process.

As tribal advocates aggressively push legislation (S 676/HR 1234/HR 1291) that would reverse the *Carcieri* decision, CSAC has advocated for a trust reform package that would provide a set of standards that Indian tribes would need to meet as a condition of receiving Department of Interior approval for trust land acquisitions. CSAC has continued to actively engage its congressional delegation, congressional authorizing committees, and other members of Congress on this important issue.

ARMY CORPS OF ENGINEERS LEVEE VEGETATION REMOVAL POLICY

CSAC and other stakeholders, supported by key members of the California congressional delegation, have continued to actively oppose the Army Corps of Engineers' levee vegetation removal policy. Although the Corps' policy is designed to allow for easier inspections and to reduce any potential weakening of levees from root growth and overturned trees, the policy has not been shown to provide tangible benefits to public safety. Additionally, removing vegetation from the state's levees would cost billions of dollars.

CSAC succeeded earlier this year in securing committee report language on levee vegetation as part of the Senate's fiscal year 2013 Energy and Water Appropriations legislation. The language, submitted by Senator Feinstein on behalf of CSAC, states that the Corps' initial research on levee vegetation indicates that minimal data exists on the scientific relationship between woody vegetation and levees. The language also urges the Corps to continue to conduct additional scientific research on the topic and encourages the Corps to clarify how it will apply Endangered Species Act considerations in its final vegetation policy.

In related developments, CSAC worked closely with Representative Doris Matsui (D-CA) on legislation (HR 5831) that would require the secretary of the Army to undertake a comprehensive review of the Corps' guidelines on vegetation management for levees. The bipartisan bill, entitled the Levee Vegetation Review Act, is currently cosponsored by 30 members of the California congressional delegation.

CLEAN WATER ACT – SECTION 404 PERMITTING

CSAC continued to work this year to build support for legislation (HR 2427) that would streamline the Clean Water Act's (CWA) Section 404 permitting process. The bill, sponsored by Representative Gary Miller (R-CA), would provide a narrow exemption for maintenance removal of sediment, debris, and vegetation from flood control channels and basins.

Under Section 404, counties and local flood control agencies are required to obtain permits from the Corps for the discharge of dredged or fill material into navigable waters. The CWA also provides a permitting exemption for the maintenance of currently serviceable structures. However, the Corps has determined that this exemption does not apply to certain routine maintenance activities, which has caused a number of negative, unintended consequences, including a significant permitting backlog.

CSAC has conducted outreach to national organizations to urge their support for the Section 404 legislation. Earlier this year, the National Association of Flood and Stormwater Management Agencies agreed to endorse HR 2427.

PROPERTY ASSESSED CLEAN ENERGY PROGRAM

CSAC, along with counties in California and local governments from across the nation, has continued to advocate for the continuation of the Property Assessed Clean Energy (PACE) program, which allows localities to invest in projects that reduce energy consumption and greenhouse gas emissions. The Federal Housing Finance Agency (FHFA) halted PACE programs nationwide in 2010 by claiming that PACE increases the financial risks to Fannie Mae and Freddie Mac.

Among other actions, CSAC promoted legislation (HR 2599), sponsored by Representatives Mike Thompson (D-CA) and Dan Lungren (R-CA), that would require FHFA to rescind its PACE guidance, thus allowing counties to once again offer residential PACE programs. The legislation also defines PACE programs as property

tax assessments rather than loans, as the regulators contend. Other provisions of the bill would limit or eliminate any risk to Fannie Mae and Freddie Mac. The bill currently has 54 cosponsors, including 22 members of the California delegation.

Additionally, FHFA has been ordered to proceed through a formal rulemaking process after a U.S. District Court in California ruled that the agency violated the Administrative Procedure Act in its decision to block Fannie Mae and Freddie Mac from purchasing residential mortgages with PACE assessments. In response to an Advanced Notice of Proposed Rulemaking issued in January and a Notice of Proposed Rulemaking issued in June, CSAC joined with other PACE advocates across the nation to submit comments to FHFA in support of residential PACE programs.

Future Challenges

The prospect of across-the-board spending cuts to domestic and defense programs were designed to spur last year's Joint Select Committee on Deficit Reduction to propose, and Congress to enact, a targeted plan to reduce the deficit by \$1.2 trillion, as mandated by the *Budget Control Act*. Instead, the joint committee failed to produce such a plan and cuts that the Obama administration is calling "deeply destructive to national security, domestic investments, and core government functions" are set to take effect on January 2nd of next year.

Although there is talk of Congress "fixing" the so-called budget sequester during a post-election lame-duck session, there is no guarantee that lawmakers will reach agreement on how to address the impending spending reductions. Moreover, even if Congress arrives at some type of revised deficit-reduction deal, many domestic discretionary programs will likely still be slated for decreases, albeit at a reduced level. Accordingly, California's counties will face the ongoing challenge of trying to do more with less federal dollars, while continuing to fight for those budgetary and policy issues that are of critical importance to county government and its citizens.

Other Areas of Interest

Public Affairs & Member Services

Over the course of the year, CSAC continued to enhance its public affairs and member services activities. Ongoing work with the media complemented CSAC's advocacy work on a wide variety of legislative issues, including realignment, pension reform, workers' compensation and the state budget. Various electronic and published communication tools were utilized during the year, including the CSAC Bulletin, Budget Action Bulletin, Member Benefits Reports, Executive Director's Watch, and regular media releases/statements. CSAC also regularly used social media, including the association website, "The County Voice" blog, Facebook, Twitter, YouTube and LinkedIn.

CSAC's educational arm also continued to grow in breadth and popularity among county members.

CSAC Institute for Excellence in County Government

February 2013 will mark the *fourth anniversary* of the CSAC Institute. Starting with the first class on February 19, 2009, the popularity and demand for the Institute as a continuing education resource for California Counties has grown dramatically. A few data points help tell the story through the end of August 2012:

Total courses offered:	111
Number of individuals who have attended at least one course:	1,392
Number of counties who have participated:	58
Total number of course attendees:	2,790
Average number of courses/participant:	2.0
Number of individuals who hold an Institute Credential:	61

Executive Leadership Symposium

In addition to the courses, in February the Institute offered the first Executive Leadership Symposium, a three-day challenging learning opportunity for County Supervisors and CAO/CEOs. The course was led by Marty Linsky from the Kennedy School of Government at Harvard University. It was attended by 26 Supervisors and 18 CAO/CEOs who rated it 5.2 and 5.7 for overall value. One of the follow up questions asked participants to rate "I found new insights which have personalized adaptive challenges and the exercise of leadership to me." The result was 5.2 for Supervisors and 5.5 for CAO/CEOs. In conversations with participants since the Symposium indicated it was a valued educational and inspirational experience that people would like repeated.

New Offerings for this Fall

This fall marks the launch of two other Institute offerings: the 2012-13 New Supervisors Institute, and the Fellows Seminar. The curriculum for the New Supervisors Institute continues to be improved based on participant input, and the faculty is selected and on board for the launch in November at the CSAC Annual Meeting. The Fellows Seminar provides an opportunity for Credential holders to continue their education and contribute to the Institute. The first Fellows Seminar will be offered in September; it will kick off a series of three seminars that have participants working to address an adaptive challenge they face in their county.

CSAC Major Conferences

CSAC's two major conferences in the past year – the Annual Meeting and Legislative Conference – were both highly successful.

Annual Meeting

Despite tight county budgets, attendance at the 2011 Annual Meeting in San Francisco City & County was strong, as nearly 700 county officials, corporate members and other interested parties spent four days at workshops, meetings and general sessions. Survey

results for the meeting were very favorable. CSAC Institute courses were also held in conjunction with the Annual Meeting; and the courses were well attended. CSAC is currently planning the 118th Annual Meeting, scheduled for November 27-30 in Long Beach, Los Angeles County

Legislative Conference

CSAC conducted a very strong Legislative Conference and attendance met projections. General Session and Luncheon Program Speakers were Senators Darrell Steinberg and Bob Huff, and journalist John Myers. Governor Brown attended the Legislative Reception in the evening and spoke to the Board of Directors the following day – both appearances were very popular with CSAC membership.

Public Affairs Milestones

Development of New Website

CSAC Public Affairs staff worked through the summer to develop a dynamic new Website that was rolled out in late September. The site not only features a state-of-the-art content management system but includes a new design to enhance visitor use. A number of new features are included that will allow various targeted audiences to find useful information more easily. The new site can be found at www.csac.counties.org.

Challenge Awards

CSAC continued with its popular Challenge Awards program to recognize and honor the most innovative programs in county government. In 2012, a total of 11 counties are being honored with Challenge Awards after being judged by an independent panel. CSAC staff is presenting the awards during Boards of Supervisors meetings, which allows for local publicity and recognition of the staff that developed and coordinated the specific programs. CSAC will also be presenting these award-winning programs through a number of venues.

Celebrating County Government Month

During the National Association of Counties' County Government in April, CSAC spotlighted the programs that were honored with 2010 Challenge Awards. A total of 13 programs developed by nine counties were highlighted through videos and blog postings, which were periodically released throughout the month. CSAC was able to show that "County Government Works" by highlighting these award-winning programs as examples. A "County Government Works" page was also created for the CSAC Website.

Information Technology – Building upon last year's aggressive infusion of hardware and software, CSAC took further steps in 2012 toward an overall strategy of convergence, private cloud computing and service-oriented-architecture (translation:

unified communications, applications, and information available anytime, anywhere, in an easy to understand and use form.) Some of these steps were:

Rolled-out (24) iPhones and (24) iPads for mobile users – in further support of the convergence strategy by adding portability, reliability, and ease-of-use devices to leverage communications, applications and information in the field.

Currently rolling-out Citrix XenDesktop (virtualization) technology for each mobile user, the purpose of which is to project the user's operating system, applications and files to any device, including PCs, Macs, laptops, iPads, iPhones, and smartphones in general.

Scheduled an upgrade of CSAC's primary broadband circuit from 5Mbps (mega-bits-per-second) to 100Mbps scheduled for the first week of October 2012 to pave the way for private cloud computing and to keep up with the exponential growth in demand for bandwidth on the web for streaming State Capitol video and web multimedia.

Scheduled a major upgrade of CSAC's Microsoft Network architecture during Christmas week, the only safe time to perform a complex task that involves the Microsoft domain controllers, the Microsoft Exchange Server, the network-based voice-over-IP phone system, Microsoft SQL Server, Microsoft Share Point Server, etc. – this particular upgrade will represent the most important step of all toward building the infrastructure necessary for CSAC's convergence strategy.

Provided the technical services to replace (13) workstation computers (administered within CSAC's network) for the Los Angeles County Intergovernmental Relations Group as part of a service contract between CSAC and Los Angeles County. This helps the overall health of the local area network through standardization of equipment and operating systems and improves manageability, performance, and security.

Provided the technical services to replace (4) workstation computers (administered within CSAC's network) for the County Counsels' Association of California as part of CSAC's obligation to support information systems for the organization.

CSAC Finances

- This year we were able to re-finance the two building loans at no cost. Both loans were at 6.77% and 7.050% and were lowered to 3.080% and 3.010% respectively which is a savings of \$210,768 annually.
- In addition, the Annual Audit was completed in August with no material findings.

CSAC Finance Corporation

The CSAC Finance Corporation continues to grow and improve upon the programs we offer California counties to assist them in reducing costs, increasing effectiveness and improving services. Approximately \$3.3 million of revenue generated by the programs under the CSAC Finance Corporation went to support CSAC's advocacy efforts last year.

Much of our focus throughout 2012 has been on program development to expand the products and services we offer and to diversify our revenue sources and ensure a stable revenue source for CSAC. We are in the process of reviewing bids for a Medicare Eligible Retiree Healthcare Benefit Program and expect to select a provider and launch this program by the end of the year. We are developing a bid for on-site employee medical clinic program that will be issued within the next two months and implemented in early 2013. We are also exploring the possibility of developing a solar energy retrofit program and a local government mobile application program.

The CSAC Finance Corporation appointed Mark Saladino, Treasurer-Tax Collector of Los Angeles County, as its President this year, Joni Gray, Supervisor of Santa Barbara County as its Vice President and Les Brown, Public Member as its Secretary/Treasurer. Robert Bendorf, County Administrator from Yuba County was appointed by the board to fill a vacant CAO position.

CalTRUST, the local agency investment pool, has grown from 131 participant accounts and \$994 million in assets last year to over 145 participants and \$1.2 billion in assets this year. Much of this growth is due to increased participation by cities and special districts.

The National Association of Counties (NACo) successfully renegotiated a new nine year contract with Nationwide Retirement Solutions (NRS) ensuring that the 32-year relationship between the two groups will continue. The new contract narrows the scope of the program to Deferred Compensation only and will result in a decrease of almost 50% in revenue to NACo and endorsing state associations over the next five years. Given NRS' initial desire to cancel the agreement entirely, this is a positive outcome. There is also language included that provides incentives for the CSAC Finance Corporation for any increase in participation after January 1, 2013 and encourages the development of new products and services intended to replace and ultimately exceed existing revenues.

California Statewide Communities Development Authority (CSCDA) has finally seen a slight increase in activity this year after several years of declines related to the economy. Increases in private sector and non-profit activity are primarily responsible for the growth. As expected, CSCDA came through an audit conducted by the State Auditor's Office on conduit bond financing authorities with no major findings. The report found that existing controls ensured that bonds were issued appropriately and that the marketplace was capable of determining if the fees charged and services rendered were appropriate.

U.S. Communities, the pooled purchasing program, continues to grow and diversify the contracts offered. California counties have increased their purchases through this program by over 16% this year. Additionally, contracts were added for temporary staffing and related services (Acro) and facilities solutions (Cintas). Both of these

contracts and the food services contract (US Foods) are expected to boost program growth dramatically over the next three years.

Corporate Membership & Sponsorship Programs

The CSAC Corporate Membership and Sponsorship Program was totally reorganized and revamped in 2012. As part of the branding study conducted last year, the corporate membership and sponsorship programs were streamlined in an effort to increase opportunities for meaningful interactions between the private sector and public sector officials. Additionally, we are working to attract many of the larger IT and telecommunications companies that have not previously engaged with CSAC by developing new content.

We reorganized the Corporate Retreat, which was held last February, and invited in several county officials, along with CSAC's Officers, to share their greatest challenges and innovative ways they are addressing those issues. Mark Saladino (Treasurer Tax Collector, Los Angeles County), Robert Bendorf (CAO, Yuba County) and Harold Tuck (CIO, San Diego County) made up the panel which was moderated by Webster Guillory (Assessor, Orange County). Feedback from participants was extremely enthusiastic and the now renamed Corporate Forum will continue to be an annual event.

Immediately prior to the CSAC Annual Conference, we have developed a half-day Innovation Summit. The Summit is designed to provide information for county Supervisors, CAOs, CIOs and other department heads on innovative technologies that can help reduce costs, increase efficiencies, and improve services. We are still developing the agenda, but likely topics include shared services, mobile government, security and cloud-based services. The Summit has already attracted the attention of some of the large companies that we are looking to engage and we expect to have three or four sponsors for the event.

To date we have met with representatives from Cisco, IBM, AT&T, Verizon, Sprint, Google, Microsoft, Kodak, Xerox and HP to discuss membership and sponsorship opportunities. Additionally, working with key county officials from around the state we have also engaged a number of mid-sized companies and associations such as Pictometry and the California Restaurant Association. This program, which for the last three years ran at a budget deficit, is now poised to generate significant revenue.

2012 CSAC Executive Committee Calendar of Events

January

- 5 CSAC Special Board of Directors Meeting, Sacramento County
10:00am – 1:30pm, CSAC Conference Center, 1020 11th Street, 2nd Floor, Sacramento, CA 95814
- 18 CSAC Executive Committee Orientation Dinner, Sacramento County
6:30pm, Esquire Grill, 13th & K Streets, Sacramento, CA 95814
- 19 CSAC Executive Committee Meeting, Sacramento County
10:00am – 1:30pm, CSAC Conference Center, 1020 11th Street, 2nd Floor, Sacramento, CA 95814

February

- 1-3 CSAC Corporate Associates Retreat, Orange County
- 23 CSAC Board of Directors Meeting, Sacramento County
10:00am – 1:30pm, CSAC Conference Center, 1020 11th Street, 2nd Floor, Sacramento, CA 95814

March

- 3-7 NACo Legislative Conference, Washington, D.C.

April

- 19 CSAC Executive Committee Meeting, Sacramento County
10:00am – 1:00pm, CSAC Conference Center, 1020 11th Street, 2nd Floor, Sacramento, CA 95814
- 26-27 CSAC Finance Corporation Meeting, Monterey County

May

- 16-18 NACo Western Interstate Region Conference, Santa Fe County, New Mexico
- 30-31 CSAC Legislative Conference, Sacramento County
- 31 CSAC Board of Directors Meeting, Sacramento County
10:00am – 1:30pm, CSAC Conference Center, 1020 11th Street, 2nd Floor, Sacramento, CA 95814

July

- 13-17 NACo Annual Meeting, Allegheny County (Pittsburgh), Pennsylvania

August

- 2 CSAC Executive Committee Meeting, Los Angeles County
10:00am – 1:30pm, Marina del Rey Marriott, 4100 Admiralty Way, Marina del Rey, CA 90292

September

- 6 CSAC Board of Directors Meeting, Sacramento County
10:00am – 1:30pm, CSAC Conference Center, 1020 11th Street, 2nd Floor, Sacramento, CA 95814
- 13-14 CSAC Finance Corporation Meeting, San Diego County

October

- 3-5 CALAFCO Annual Conference, Monterey County
- 10-12 CSAC Executive Committee Retreat, Orange County
Balboa Bay Club, 1221 Coast Highway, Newport Beach, CA 92663
- 17-20 NACo National Council of County Association Executives Annual Fall Meeting

November

- 27- 30 CSAC 118th Annual Meeting, Long Beach, Los Angeles County
- 29 CSAC Board of Directors Meeting, Long Beach, Los Angeles County
2:00pm – 4:00pm, Hyatt Regency Long Beach Hotel, 200 South Pine Avenue, Long Beach, CA 90802

December

- 12-14 CSAC Officers Retreat, Napa County