

**READING FILE
COMMUNITY SERVICES DISTRICT
BOARD OF DIRECTORS & BUDGET COMMITTEE**

March 2024

- Special District Revenue Potentially Subject to Retroactive Invalidation by Initiative 1935
- LAFCo Budget Notes from Mark Scaramella
- Christen's Response to Scaramella's Notes
- CSDA Board of Directors Election

Special District Revenue Potentially Subject to Retroactive Invalidation by Initiative 1935

If you answer "yes" to any of these questions, you should be very concerned, and we need your help:

- Has your special district adopted new fees, updated its fee or rate schedule, or passed a revenue measure of any kind since January 1, 2022?
- Does your district plan to adopt new fees or update your fee or rate schedule?
- Does your district plan to pass a tax revenue measure in the future?

An entity representing California's wealthiest corporations is behind a proposition that is eligible for the November 2024 statewide ballot. The measure — Initiative 1935 (previously Initiative 21-0042A1) — would revise the state Constitution to significantly undermine local control and the ability of local governments to provide services and infrastructure.

*CSDA is asking all special districts to respond to the five-question survey linked below no later than **Friday, March 15** to help us understand the full story about the real impacts on our communities.*

TAKE SURVEY NOW

BACKGROUND:

- **Local Taxes:** Initiative 1935 would invalidate any revenue measures passed since January 1, 2022 that were put on the local ballot by citizen initiative requiring majority vote approval. The initiative would also repeal all taxes that do not contain a sunset (expiration date).
- **Fees, Rates, Assessments, and Other Charges:** Under the Initiative 1935, certain fees and charges may not exceed the "actual cost" of providing the product or service, and the initiative redefines "actual cost" as the "minimum amount necessary." This ambiguous language could lead to countless lawsuits and would likely force local governments to reduce certain fees to meet the "minimum amount necessary" threshold or the charges could be determined to be taxes requiring two-thirds voter approval.

For more information on Initiative 1935, including the full language of the initiative, CSDA's analysis, and a sample oppose resolution your board can approve, please visit csda.net/VoterLimitations.

JOIN US AT SPECIAL DISTRICTS LEGISLATIVE DAYS TO LEARN MORE:

Briefing on Critical Supreme Court Case Impacting Local Revenues and Government Functions

Wednesday, May 22, 2024

Sheraton Grand Sacramento

Legislature of the State of California et al. vs. Weber could determine the ability of special districts and other agencies to provide essential services and infrastructure to their communities. Join us for this briefing by Michael G. Colantuono, Esq., Managing Shareholder of Colantuono, Highsmith & Whatley, PC and author of the amicus brief to this landmark case jointly filed by CSDA, CalCities, California State Association of Counties and eight other local government association partners.

LAFCO Budget Notes

LAFCO budget for 2023-2024 is up to \$320k per year and now includes an executive director, and an analyst/clerk. Plus, an estimated. \$30k for legal counsel and \$100k for MSR and Sphere of Influence documents. The prior year's budget was \$263k.

According to their budget summary the \$30k for legal counsel is based on "a minimum of 4 hours per month." They also estimate that conducting 20 meetings per year will cost \$34k. This seems ridiculous. \$1700 per meeting.

As recently as 2019-2020 their budget was about \$160k.

A very good example of mission creep.

This current budget was unanimously approved by the LAFCO Board which is made up of Supervisors Mulheren and McGourty along with Katharine Cole of the Hopland Cemetery District, Ukiah Councilman Gerry Gonzalez, Candace Horsley (Ukiah Valley Sanitation District), Ukiah Councilperson Mari Rodin, and Gerry Ward (manager of Solid Wastes of Willits which is now sold to Redwood Waste Solutions).

In 2019-2020 they said they were going to do a Municipal Service Review of the AV CSD in 2021-2022. But when that year's budget rolled around, Anderson Valley's MSR had disappeared from their plans. And nothing about it has appeared since.

According to their own list of MSRs completed however (<https://www.mendolafco.org/municipal-service-reviews>) they have only done four MSRs since 2020 and three of those were for the Ukiah area.

The fourth one was for an "inactive" area called CSA#3 which is basically the unincorporated area of the County. According to the latest CSA#3 MSR:

"CSA 3 does not currently provide any services or have any facilities, equipment, or infrastructure and therefore does not share services or facilities with other local government agencies."

Yet they went to a lot of trouble to write it up and charge for it.

But, as they tried to explain, "Work Plan implementation is subject to change due to various factors, such as: (a) agency responsiveness and timely provision of requested information, (b) complexity of issues involved, (c) level of public and affected agency controversy, (d) changing needs and priorities, (e) overall staff workload, and (f) higher than anticipated costs."

There is no evidence or indication that any of the LAFCO board members have questioned the recent budget increases or the relative paucity of accompanying MSRs or other activity.

I recommend that the Board refuse or at least postpone payment of the LAFCO fee until the LAFCO board at least shows some evidence of budget review and an explanation from LAFCO staff about the recent large budget increases which they are passing along to all County Districts without explanation or justification.

Mark Scaramella, AV CSD Budget Committee member

CHRISTEN'S EMAIL ON LAFCO

I applaud Mark's zeal for bird-dogging our elected officials' expenditures of our tax money. We need to keep government accountable. That said, I think that Mark is off the "mark" (pun intended) in his analysis of LAFCo expenditures. First, the cost per meeting metric isn't very useful. It's tantamount to saying that we should judge the quality of a novel by how much it weighs. Better to look at the work product of the Agency as a function of its mission. I think that most of us are supportive of LAFCo's legislative purpose, viz. as follows:

- To promote orderly growth with logical boundaries for efficient delivery of local services.
- To encourage the protection of agricultural and open space lands by directing growth to urban areas.
- To factor in regional housing needs, adequate water supplies, environmental justice and other priorities established by the legislature.

Second, Mark criticizes LAFCo for not completing a Municipal Services Review (MSR) for the Anderson Valley that was scheduled for 2019-2020 and that they have completed only four since 2020 and three were for the Ukiah area. Mark seems to be unaware that the preparation of MSR/SOI studies is only one of LAFCo's mandates; there are many other responsibilities of LAFCo such as processing applications for boundary changes, expansion/divestiture of latent powers, consolidations, authorizing extensions of municipal services, dissolution of inactive districts, etc.; coordinating with member agencies on planning activities related to growth, service provision, and agricultural preservation; supporting local government agencies in creating transparency and compliance with governance statutes; responding to public inquiries and requests for public records; and promoting transparency both as a public agency and in other local government agencies within the County. Many of these are more urgent than completing MSRs.

Third, Mark states that "There is no evidence or indication that any of the LAFCO board members have questioned the recent budget increases or the relative paucity of accompanying MSRs or other activity." I have been attending LAFCo meetings for the past year and I can assure you that Jerry Ward, Commission Treasurer, in particular and the other Commissioners have been questioning the cost and productivity of the organization. I think that a fairer analysis would be to see if the Commission complied with its budgeting policy as described in LAFCo's budget development process is set forth in Mendocino LAFCo Policy 5.1.

LAFCo implements the following measures for financial transparency:

- holds a minimum of three public meetings on the budget development process (preliminary, proposed, and final budgets); agendas and notices are posted on the website and direct emailed to all member agencies and interested parties.
- has annual audits prepared and posted on website.
- provides monthly budget tracking and claims for Commission authorization, which are included with all regular Commission meeting agenda packets; agendas are all posted on the website and direct emailed to all member agencies and interested parties.
- all Commission meetings are conducted in a hybrid format to provide every opportunity for participation, are live-streamed, and are recorded and available on the County's YouTube channel.

The fact is the budget is presented and discussed at a minimum of three public meetings (links to FY 2023-24 meetings with staff reports included for each stage below):

- Preliminary Budget and Work Program presented to the Executive Committee on [March 22, 2023](#).
 - Noticed Public Hearing on the Proposed Budget and Work Program on [May 1, 2023](#).
- Distribution of the Proposed Budget and Work Program to all member agencies
- Noticed Public Hearing on the Final Budget and Work Program prior to [June 5, 2023](#).
 - Distribution of the Final Budget and Work Program to all member agencies

In early 2023 the Commission held a workshop on the FY 23-24 preliminary budget to solicit early direction from the Commission on a number of pressing and recurrent issues (such as implementation of Work Plan tasks and increasing staff workloads) as well as public input ([April 3, 2023](#)) prior to a public hearing. The workshop is not a requirement by policy or statute but was provided as an additional forum for Commission and public information and input. *The April 3rd staff report details the issues and reasons for the increases in each budget category and should be read for understanding of organizational pressures and budget needs.*

The budget has increased in response to organizational needs, increasingly complex studies (MSR/SOI updates), and unfunded mandates from the State. The [April 3, 2023](#) Commission Meeting staff report for FY 23-24 Preliminary Budget and Work Program Workshop and PowerPoint presentation describes the trends and Mendocino LAFCo's organizational needs.

To help offset the increasing budget needs, in 2022 the Commission adopted service rates that are applied to the processing of applications. Service rate revenue is applied during the budget development process to organizational expenditures and helps offset the apportionment fees.

The public might ask if the apportionment of fees among various stakeholders is fair. The AV CSD's budgeted LAFCo fee for the upcoming fiscal year is \$2,185 which seems to be small potatoes to meet the goals of the Commission. The Commission adopts apportionment fees with the annual budget. The apportionment fees are split on a 1/3 basis between the three categories of member agencies: County, cities (4), and special districts (50). The fees collected from each member agency are calculated by the County Auditor-Controller pursuant to a state formula that is based on the agencies' previous FY operating revenue. The apportionment fees collected fund LAFCo's operations, which include but are not limited to, the annual Work Plan.

In 2017-18, staff developed a rolling Work Plan to assist with tracking and scheduling the state mandated studies of local government agencies in the County. Each year the rolling work plan is reviewed by staff and the Executive Committee, and agency studies are identified for the following FY based on several factors including the date of the last study, pressing and known issues, and development pressures. With the FY 2019-20 annual budget and work program, the AVCSD was tentatively scheduled for FY 2021-22. However, in subsequent years the work plan was revised and agencies with more pressing issues prioritized.

The work plan budget has expanded to address increasingly complex studies. The spheres of influence for the City of Ukiah and Ukiah Valley Sanitation District had not been updated since

their establishment in the 1980s. The LAFCo studies were coordinated with both agencies and with the City's general plan update to take advantage of comprehensive planning efforts and associated EIR, which resulted in significant efficiencies and costs savings to LAFCo, and therefore, it's member agencies. Both MSR/SOI updates required substantial coordination and relationship building and were remarkable given the animosities between the agencies in recent history. It was a huge milestone for the Commission and the Ukiah Valley, and it took considerable staff effort.

Finally, Mark questions the work done regarding CSA 3. The MSR/SOI update for the CSA 3, a state-mandated study, was adopted in July 2022 and was the first study of the district. At the time, the County intended to activate several powers for the CSA, which required additional research and extensive coordination with numerous County staff and departments, and ultimately a thorough MSR/SOI study.

LAFCo prioritizes the processing of applications above implementation of the Work Plan, so staff capacity is often the limiting factor in completing Work Plan studies within a given FY. In response to the Commission's direction to prepare more studies (MSR/SOIs) in FY 23-24, a budget of \$100,000 was adopted for the Work Plan to provide sufficient funds for outsourcing the studies, either in part or in whole, identified for the FY in the event there was not sufficient staff capacity. LAFCo staff are preparing seven coastal water/wastewater studies concurrently using a combination of staff and contractors. The studies will roll into the latter half of 2024.

The budget estimated for each meeting covers approximately 15-20 hours of staff time for the Executive Officer and Analyst/Clerk, which includes preparation of agendas, staff reports, meeting summaries and attendance at meetings (not including travel time). Agenda packets are posted on our website.

In sum, the work that LAFCo does is in the best interest of the total Mendocino County Community, and it must pay for itself because the County doesn't have a pot of unallocated money to draw from. In fact, the County is thought to have a shortfall of \$12 million dollars this year, although that is a rough estimate given the county's poor financial analysis over the years. Mark's efforts would be better spent in continuing to bird dog that problem rather than suggesting withholding our fees to LAFCo.

Francois



Agenda Item: 4 - Establish 2024 Board Elections Timeline **FEB 9 2024**
Item Type: Discussion/Action
Submitted By: Amber Phelen, Management Analyst
Presented By: Neil McCormick, Chief Executive Officer
Strategic Plan Reference: 1. Association Governance;
7. Management/Administration

BACKGROUND:

The nomination process for the 2024 CSDA Board of Directors, Seat A election is quickly approaching. CSDA Bylaws direct that the Election & Bylaws Committee shall set the timeline for elections each year. Below is a staff recommended timeline for the nomination and election process that complies with the noticing periods outlined in the CSDA bylaws. The timeline works backwards from the CSDA Annual Conference start date which is September 9, 2024 this year.

February 5	Nomination applications mailed and emailed out 125 days to election start on June 9; bylaws requirement = at least 120 days.
April 10	Nomination application deadline 61 days to election start; bylaws requirement = at least 60 days prior to election.
April 20	Nomination application deadline – Coastal Network Per CSDA Bylaws, the deadline shall be extended by 10 days in a Network where there is no incumbent re-running.
June 10	Electronic ballot voting begins – current Regular Members
July 26	Deadline to receive electronic ballots - current Regular Members 45 days until conference; bylaws requirement = at least 45 days.
July 29 or 30	Count ballots and inform candidates of win/loss

FISCAL IMPACT:
None at this time.

STAFF RECOMMENDATION:

Staff recommends a motion to approve the 2024 CSDA Board of Directors, Seat A regular election timeline as presented.



**California Special
Districts Association**
Districts Stronger Together

Agenda Item: 5 – Review & Approve 2024 Election Materials

Item Type: Discussion/Action

Submitted By: Amber Phelen, Management Analyst

Presented By: Neil McCormick, Chief Executive Officer

Strategic Plan Reference: 1. Association Governance;
7. Management/Administration

BACKGROUND:

Attached is a draft of the nomination letter, form, and candidate information sheet which would be sent out to CSDA voting members in good standing for all six Networks as part of the 2024 CSDA Board of Directors, Seat A election.

Additionally, the background information that will be mailed with the ballots is included. A current list of Board Members and their terms are also attached. Seat A Board Members are up for re-election.

FISCAL IMPACT:

The annual CSDA Board election process is a 2024 budgeted item.

STAFF RECOMMENDATION:

Staff recommends a motion to approve the 2024 CSDA Board of Directors, Seat A election nomination letter, nomination form, candidate information sheet, and ballot letter to be sent to all voting Regular CSDA Members in good standing.



**California Special
Districts Association**

Districts Stronger Together

DATE: February 5, 2024

TO: CSDA Voting Member Presidents and General Managers

FROM: CSDA Elections and Bylaws Committee

SUBJECT: **CSDA BOARD OF DIRECTORS CALL FOR NOMINATIONS
SEAT A**

The Elections and Bylaws Committee is looking for Independent Special District Board Members or their General Managers who are interested in leading the direction of the California Special Districts Association for the 2025 - 2027 term.

The leadership of CSDA is elected from its six geographical networks. Each of the six networks has three seats on the Board with staggered 3-year terms. Candidates must be affiliated with an independent special district that is a CSDA Regular Member in good standing and located within the geographic network that they seek to represent.
(See attached CSDA Network Map)

The CSDA Board of Directors is the governing body responsible for all policy decisions related to CSDA's member services, legislative advocacy, professional development, and other resources for members. The Board of Directors is crucial to the operation of the Association and to the representation of the common interests of all California's special districts before the Legislature and the State Administration. Serving on the Board requires one's interest in the issues confronting special districts statewide.

Commitment and Expectations:

- Attend all Board meetings, usually 4-5 meetings annually, at the CSDA office in Sacramento.
- Participate on at least one committee, meets 3-5 times a year at the CSDA office in Sacramento.
(CSDA reimburses Directors for their related expenses for Board and committee meetings as outlined in Board policy).
- Attend, at minimum, the following CSDA annual events: Special Districts Legislative Days - held in the spring, and the CSDA Annual Conference - held in the fall.
(CSDA does **not** reimburse expenses for the two conferences even if a Board or committee meeting is held in conjunction with the event)
- Complete all four modules of CSDA's Special District Leadership Academy within 2 years of being elected.
(CSDA does **not** reimburse expenses for the Academy classes even if a Board or committee meeting is held in conjunction with the event).

Nomination Procedures: Any Regular Member district in good standing is eligible to nominate one person, a board member or managerial employee (as defined by that district's Board of Directors), for election to the CSDA Board of Directors. **A copy of the member district's resolution or minute action and Candidate Information Sheet must accompany the nomination. The deadline for receiving nominations is April 10, 2024. Nominations and supporting documentation may be mailed or emailed.**

Mail: 1112 I Street, Suite 200, Sacramento, CA 95814
Fax: 916.442.7889
E-mail: amberp@csda.net

Once received, nominees will receive a candidate's letter. The letter will serve as confirmation that CSDA has received the nomination and will also include campaign guidelines.

CSDA will begin electronic voting on June 10, 2024. All votes must be received through the system no later than 5:00 p.m. July 26, 2024. The successful candidates will be notified no later than July 30, 2024. All selected Board Members will be introduced at the Annual Conference in Indian Wells, CA in September 2024.

Expiring Terms

(See enclosed map for Network breakdown)

Northern Network	Seat A – Greg Orsini, Director, McKinleyville Community Services District*
Sierra Network	Seat A – Noelle Mattock, El Dorado Hills Community Services District*
Bay Area Network	Seat A – Chad Davisson, General Manager, Ironhouse Sanitary District*
Central Network	Seat A – Patrick Ostly, General Manager, North of River Sanitary District*
Coastal Network	Seat A – Elaine Magner, Director, Pleasant Valley Recreation & Park District*
Southern Network	Seat A – Jo MacKenzie, Director, Vista Irrigation District*

(* = Incumbent is running for re-election)

CSDA will be using a web-based online voting system allowing your district to cast your vote easily and securely. Electronic Ballots will be emailed to the main contact in your district June 10, 2024. All votes must be received through the system no later than 5:00 p.m. July 26, 2024.

*Districts can opt to cast a paper ballot instead; but you must contact Amber Phelen by e-mail amberp@csda.net **by April 10, 2024** in order to ensure that you will receive a paper ballot on time.*

CSDA will mail paper ballots on June 10, 2024 per district request only.

If you have any questions, please contact Amber Phelen at amberp@csda.net.



**California Special
Districts Association**
Districts Stronger Together

2024 BOARD OF DIRECTORS NOMINATION FORM

Name of Candidate: _____

District: _____

Mailing Address: _____

Network: _____ (see map)

Telephone: _____
(PLEASE BE SURE THE PHONE NUMBER IS ONE WHERE WE CAN REACH THE CANDIDATE)

Fax: _____

E-mail: _____

Nominated by (optional): _____

**Return this form, a Board resolution/minute action supporting the candidate, and
Candidate Information Sheet by mail or email to:**

CSDA
Attn: Amber Phelen
1112 I Street, Suite 200
Sacramento, CA 95814
(877) 924-2732

amberp@csda.net

DEADLINE FOR RECEIVING NOMINATIONS:

April 10, 2024 at 5:00 p.m.



California Special
Districts Association
Districts Stronger Together

2024 CSDA BOARD CANDIDATE INFORMATION SHEET

The following information **MUST** accompany your nomination form and Resolution/minute order:

Name: _____

District/Company: _____

Title: _____

Elected/Appointed/Staff: _____

Length of Service with District: _____

1. Do you have current involvement with CSDA (such as committees, events, workshops, conferences, Governance Academy, etc.):

2. Have you ever been associated with any other state-wide associations (CSAC, ACWA, League, etc.):

3. List local government involvement (such as LAFCo, Association of Governments, etc.):

4. List civic organization involvement:

****Candidate Statement – Although it is not required, each candidate is requested to submit a candidate statement of no more than 300 words in length. Any statements received in the CSDA office after the nomination deadlines will not be included with the ballot.**



California Special Districts Association

DISTRICT NETWORKS

