



# SANTA CLARA COUNTY SPECIAL DISTRICTS ASSOCIATION

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## Santa Clara County Special Districts Association

Monday, September 9, 2013

12:00 p.m. – 1:30 p.m.

- A. **Call to Order**
  - 1. Welcome and Introductions
  
- B. **Approval of Minutes**
  - 1. Discussion and Approval of Meeting Minutes for June 3, 2013 (**Action**)
  
- C. **Time Certain at: 12:10**
  - 1. Guest Speaker: Cindy Chavez, Santa Clara County District 2 Supervisor
  
- D. **Old Business**
  - 1. CSDA District Transparency Certificate of Excellence (**Attachment D-1, Information**)
  
- E. **New Business**
  - 1. Financial Report (**Action**)
  - 2. LAFCO Representatives Report (**Information**)
  
- F. **Partner Agency Reports**
  - 1. Local Agency Formation Commission- Neelima Palacherla, Executive Officer
  - 2. League of California Cities – Jessica Stanfill Mullin, Regional Public Affairs Manager
  - 3. CSDA – Dorothy Holzem, Legislative Representative (**Attachment F-3, Information**)
  
- G. **Santa Clara County Special District Association Member Reports**
  - 1. Round Robin
  
- H. **Review of Action Items and Adjournment**
  - 1. Action Item Review
  - 2. The next meeting is scheduled for **January 6, 2014**
  - 3. Adjourn

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**Officers:** Steve Wesolowski, Chair • Pete Siemens, Vice-Chair • Tony Estremera, Secretary/Treasurer

**Members:** Burbank Sanitary District • Cupertino Sanitary District • El Camino Healthcare District • Guadalupe Coyote Resource Conservation District • Loma Prieta Resource Conservation District • Midpeninsula Regional Open Space District • Purissima Hills Water District • Rancho Rinconada Park & Recreation District • San Martin County Water District • Santa Clara County Library Service Area • Santa Clara County Lighting Service • Santa Clara County Open Space Authority • Santa Clara Valley Water District • Saratoga Cemetery District • Saratoga Fire Protection District • South Santa Clara Valley Memorial District • Valley Transportation Authority • West Valley Sanitation District



# SANTA CLARA COUNTY SPECIAL DISTRICTS ASSOCIATION

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## B1. Meeting Minutes

Santa Clara County Special Districts Association

June 3, 2013

12:00 p.m. – 1:30 p.m.

### Meeting Participants:

- **CSDA:** Dorothy Holzem
- **Cupertino Sanitary District:** Bill Bosworth
- **El Camino Healthcare District:** Brenda Taussig
- **LAFCO of Santa Clara County:** Neelima Palacherla
- **League of California Cities:** Jessica Stanfill Mullin
- **Midpeninsula Regional Open Space District:** Yoriko Kishimoto
- **Rancho Rinconada Recreation and Park District:** Steve Wesolowski
- **Santa Clara County Open Space Authority:** Sequoia Hall
- **Santa Clara County Special Districts Association:** Rick Callender, Cheryl Togami
- **Santa Clara Valley Water District:** Tony Estremera, Linda J. LeZotte, Richard Santos
- **Saratoga Fire Protection District:** Gene Zambetti
- **Valley Transportation Authority:** Scott Haywood
- **West Valley Sanitation District:** Jon Newby

Guest Speaker: Johnny Khamis, District 10 Councilman, City of San Jose

- A. Call to Order: Chair Wesolowski called meeting to order.
- B. Discussion and Approval of Minutes: The minutes for the March 4, 2013, were approved as written.
- C. Councilman Khamis spoke about the issues he is involved with and emphasized that safety is a priority. He experienced the budget process and got to see how it worked. He spoke about his involvement in Our City Forest and that he sees a benefit to trees in neighborhoods. A current main goal is VTA purchases of hybrid diesel buses for the cost savings they would produce long term. He also talked about a possible new initiative to provide a reward for turning in those who graffiti or steal wiring – however he stressed this only works if various agencies create an ongoing reward fund. The Councilman also spoke about how education, while not the City's budget purview, was very important to him and he is looking at ways to improve the educational system and engage parents in the process. Councilmember Khamis addressed questions from and listened to concerns raised by SCCSDA members.



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- D. 1. LAFCO Representatives Report: Linda J. LeZotte was on the commission for eight years previously when she was on the San Jose City Council. In addition to being Santa Clara Valley Water District's representative on LAFCO, she sits on the Technical Advisory Committee. Linda indicated that complex issues come to their board. In April, LAFCO adopted a preliminary budget, with the final budget set for adoption on June 5. The projected budget will decrease by 2.75%

There are major reforms for the South Santa Clara Valley Memorial District in Gilroy. There are major deficiencies and governance issues, although its finances are fine. There are possible options for Rancho Rinconada and the City of Cupertino to address duplication of service.

CAL LAFCO is holding its conference on August 13.

Sequoia Hall raised the issue of electronic agendas and that there is duplication of electronic device purchases which could be coordinated across entities.

Yoriko Kishimoto has been with MidPen for three years, but is new to LAFCO. She finds it interesting where we have come since the 2001 law passed establishing a LAFCO within each county. She said the goal is to balance efficient and effective service of benefits of local government and emphasized that the SCCSDA should provide feedback.

SCCSDA Board members provided feedback to Linda, Sequoia, and Yoriko regarding their respective service reviews.

LAFCO's apportionment of costs for FY13 and FY14 was provided.

2. The financial report was approved.

E. Old Business:

1. Neelima reported that there is a provision in State Law that if more than 1,200 notices need to go out, that in lieu of sending notices to individual property owners, LAFCO can post a notice of a certain size and type in the newspaper.

- F. 1. Local Agency Formation Commission - Neelima Palacherla, Executive Officer, provided information on the service review process. She informed us that the consultant contacts the district and obtains information through public documents. A profile is then created which is sent to the district for individual review. The district and the public are given 21 days prior to a LAFCO public hearing. The



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district can provide comment at the hearing. LAFCO will then make revisions and put that out for a review and comment period.

2. The League of California Cities – Jessica Stanfill Mullin reported that her agency’s focus is economic development. She is working on legislative proposals. There is concern over the enterprise zones; this is one of the last remaining economic develop tools that cities have and they are working to preserve enterprise zones. Jessica also gave an overview of bills of interest.
  3. CSDA – Dorothy Holzen reported that CSDA is looking at legislation to reduce the voter threshold. She also said there are discussion in conference committee about repealing state mandates, such as ethics training, the public records act, and others. This puts agencies in a challenging place. She also discussed the CSDA certificate of transparency.
- G. 1. Sequoia Hall reported that 2,000 people attended the Family Farm Feast in Coyote Valley. Its message is the preservation of agriculture. Yoriko Kishimoto reported that it’s Midpeninsula’s 40<sup>th</sup> anniversary. Midpen is trying to acquire more open space in order to preserve and restore it. Gene Zambetti reported they are looking at early warning alarm systems as many homes don’t have landlines anymore. Dick Santos reported that the grand opening of the Silicon Valley Advanced Water Purification Center is having a grand opening in August. Jon Newby reported that, at his agency’s last board meeting, they discussed rate increases, budget, resetting hillside fund, and their strategic plan (going to board in August).
- H. 1. Action Item Review

**ACTION:** The chair will send out a letter to Special Districts encouraging them to pursue the CSDA District Transparency Certificate of Excellence.



# SANTA CLARA COUNTY SPECIAL DISTRICTS ASSOCIATION

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## E1. Financial Statement

Balance as of 6/3/13	\$3,695.95
<b>Expenses</b>	
Check #106 – Lunch Stop, June lunch meeting	\$ 452.35
Deposits - none	
Balance on hand as of 9/8/13	<u>\$3,243.60</u>

**Subject:** FW: District Transparency Certificate of Excellence  
**Attachments:** District Transparency Certificate of Excellence Brochure.pdf; District Transparency Certificate of Excellence Checklist.pdf

## ATTACHMENT D-1

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**From:** Cathy Paramo  
**Sent:** Monday, July 22, 2013 2:03 PM  
**To:** Aldercroft Heights County Water District; Burbank Sanitary District; Burbank Sanitation District; County Sanitation District No. 2-3; Cupertino Sanitary District; El Camino Hospital; El Camino Hospital; Guadalupe Coyote Resource Conservation District; Guadalupe Coyote Resource Conservation District; Lake Canyon Community Services District; Lion's Gate Community Services District; Loma Prieta Resource Conservation District; Los Altos Hills County Fire Protection District; Midpen Regional Open Space District; Midpen Regional Open Space District; Pacheco Pass Water District; Purissima Hills Water District; Purissima Hills Water District; Rancho Rinconada Rec & Park; Richard Santos; San Martin County Water District; Santa Clara Co. Library Service Area; Santa Clara County Lighting Service Area; Santa Clara County Vector Control District; Santa Clara Valley Transportation Authority; Tony Estremera; Saratoga Cemetary District; Saratoga Cemetary District; Saratoga Cemetary District; Saratoga Fire Protection District; Saratoga Fire Protection District; Saratoga Fire Protection District; SCCo Open Space Authority; SCCo Open Space Authority; SCCo Open Space Authority; Silver Creek Valley CC Geological Hazard Abatement; South Santa Clara County Central Fire Protection Agency; South Santa Clara Valley Memorial District; West Bay Sanitary District; West Valley Sanitation District; West Valley Sanitation District  
**Subject:** District Transparency Certificate of Excellence

**Sent on Behalf of Chair Wesolowski**

-  
At our June 3, 2013, Santa Clara County Special Districts Association (SCCSDA) Meeting, Dorothy Holzem of CSDA informed the members attending about the District Transparency Certificate of Excellence. After hearing about the certificate, the SCCSDA agreed that we should publicize and encourage all Santa Clara County based Special Districts to obtain certification.

According to the brochure and handout Dorothy distributed at the meeting, the Special District Leadership Foundation (SDLF) created this program in an effort to promote transparency in the operations and governance of Special Districts to the public. There are no fees for the certificate and district certification is recognized for two years.

Earning a certificate clearly demonstrates a district's commitment to transparency. In order to earn a certificate, a district must satisfy requirements in three subject areas: Basic transparency, website, and outreach. There is a checklist which outlines all the requirements and how to proceed in submitting documentation for review.

Both the brochure and checklist are attached.

On behalf of the SCCSDA, I am encouraging all Santa Clara County Special Districts to submit your applications and documentation to the SDLF by March 31, 2014. We will be following up with all our districts in the coming months to further encourage our district's progress in achieving certification.

Thank you for your attention to this important endeavor.

*For Steve Wesolowski, Chair  
Santa Clara County Special Districts Association*



CATHY PARAMO  
STAFF ANALYST  
Office of Government Relations  
Santa Clara Valley Water District  
(408) 630-2252  
[cparamo@valleywater.org](mailto:cparamo@valleywater.org)



Attachment D-1

## Transparency Certificate of Excellence

**Antelope Valley Air Quality Management District**

**Chico Area Recreation and Park District**

**Contra Costa Water District**

**Costa Mesa Sanitary District**

**Eastern Municipal Water District**

**El Camino Healthcare District**

**Elk Grove Water District**

**Fulton-El Camino Recreation & Park District**

**Las Gallinas Valley Sanitary District**

**Mesa Water District**

**Mojave Desert Air Quality Management District**

**Nipomo Community Services District**

**Olivenhain Municipal Water District**

**Palm Springs Cemetery District**

**Pine Cove Water District**

**Rancho Murieta Community Services District**

**Sacramento Suburban Water District**

**San Jacinto Valley Cemetery District**

**Santa Clara Valley Water District**

**Spalding Community Services District**

**Steger Sanitary District**

**Vista Irrigation District**







## LEGISLATIVE HOT SHEET – August 22, 2013

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The Legislative Hot Sheet provides a brief highlight of the bills impacting special districts' ability to deliver core local services to communities throughout California. This document is revised frequently to reflect late-breaking activity and crucial decision-points in the Capitol, so be sure to visit [www.csdanet.net](http://www.csdanet.net) under the Legislative Access Services page for the latest updates and a comprehensive breakdown of the hundreds of bills that CSDA tracks for its membership.

### SUPPORT –

**AB 683 (Mullin): Local Community Health and Safety** – Empowers local agencies to more effectively protect the health and safety of the communities they serve through an established mechanism that ensures fairness and due process. This measure authorizes agencies to specially assess delinquent fines or penalties against a parcel of real property if the fines or penalties are related to a violation of an ordinance occurring on the real property that constitutes a threat to public health or safety.

*Location: Senate Floor*

**AB 850 (Nazarian): Rate Reduction Bonds** – Allows joint powers authorities (JPAs) formed by municipal water utilities to issue rate reduction bonds to fund mandated water capital projects until December 31, 2020. This new tool could result in interest savings, lower debt service and lower local borrowing costs, which will reduce future utility rate increases.

*Location: Senate Floor*

**AB 1080 (Alejo): Community Revitalization Investment Authorities** – Offers a new tool to special districts and other local agencies to invest property tax increment and other available funding to improve infrastructure in disadvantaged communities, and clearly prohibits the shifting of revenue from local agencies without their consent.

*Location: Senate Appropriations Committee*

**SB 1 (Steinberg): Sustainable Communities Investment Authorities** – Provides a new mechanism for special districts and other local agencies to invest property tax increment and other available funding to improve infrastructure in a manner that promotes sustainability, and clearly prohibits the shifting of revenue from local agencies without their consent.

*Location: Assembly Appropriations Committee*

### OPPOSE –

**SB 594 (Hill): Non-Profit Association Ballot Measure Advocacy** – Limits the ability of specific non-profits with local agency members, including CSDA, from advocating for positions on ballot measures. Broadly defines what constitutes a “public resource” and tightly restricts advocacy funds. Inconsistently applies new auditing and reporting mandates for non-profits, and establishes major fines and legal liabilities related to compliance.

*Location: Assembly Appropriations Committee*

### OPPOSE UNLESS AMENDED -

**SB 731 (Steinberg): CEQA** – Makes various clarifications and revisions to CEQA, including requiring a lead agency to prepare an annual mitigation monitoring report, requiring a lead agency to circulate CEQA findings at least 15 days prior to approval of the proposed project and requiring the Office of Planning and Research to develop statewide thresholds of significance for noise and traffic for certain infill projects, among many other provisions.

*Location: Assembly Appropriations Committee*

### CONCERNS –

**SCA 3 (Leno): Public Information** – Places before voters at the June 2014 statewide election a constitutional amendment to preserve the entirety of the Brown Act and California Public Records Act (CPRA) in the State Constitution and exempt compliance with those acts from reimbursement. Additionally, creates a loophole within the existing local revenue protections of Proposition 4 (1979) and Proposition 1A (2004) by exempting all future changes or additions to the acts from reimbursement eligibility. If SCA 3 successfully earns the support of voters, the state could force local agencies and local taxpayers to pay for unlimited future mandates, so long as the proposals contain “findings demonstrating that the statutory enactment furthers the purposes” of the Brown Act or CPRA.

*Location: Assembly Floor*



**California Special  
Districts Association**  
*Districts Stronger Together*



# GRASSROOTS ACTION PACKET

August 2013

This Grassroots Action Packet offers a brief overview of some of the top legislative issues that impact special districts, as identified by CSDA’s Legislative Committee. Visit CSDA’s Grassroots Action Center at [csda.net/grassroots](http://csda.net/grassroots) to find all of the latest information on the critical issues affecting special districts, along with grassroots mobilization tools.

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Find a current comprehensive list of every bill that CSDA tracks, download Legislative Committee documents, request a meeting with your legislators, and find many other resources by visiting [csda.net](http://csda.net) and logging in to the Legislative Access Services page, located under Legislative Resources.

**CSDA ADVOCACY & PUBLIC AFFAIRS DEPARTMENT**

Kyle Packham, Advocacy and Public Affairs Director  
Legislative Issues: Budget, Finances and Taxation; Formation & Reorganization  
[kylep@csda.net](mailto:kylep@csda.net)

Dorothy Holzem, Legislative Representative  
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## 1% PROPERTY TAX (INCLUDING TAX INCREMENT)

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### **BACKGROUND: RDA Dissolution - Recognized Obligation Payment Schedules**

When the governor and Legislature were drafting proposals to reform or dissolve RDAs in 2011, CSDA advocated that any residual revenue should be appropriately returned to special districts and other local taxing entities in proportion to the amount diverted.

As former redevelopment agencies' (RDAs') enforceable obligations are paid off, the residual revenue is being returned to the core services from which it was diverted. After the June residual payments to special districts, the amount returned to special districts since the initial dissolution of redevelopment agencies totals \$300 million, of the nearly \$4 billion owed.

#### Total Estimated Return of Local Property Tax Since 2011:

Estimated Total Residual Property Tax Distribution = \$4.024 billion

Special District Share = \$304.7 million

Even with the ongoing dissolution of RDAs, legislative proposals were introduced this year to create a "Redevelopment 2.0" program. CSDA advocates that any new programs should align with current law, which requires local agencies' consent prior to diverting a share of property tax revenue from the core services they provide. Given the high profile nature of this topic, the CSDA RDA Working Group developed a RDA Fact Sheet and an internal Membership Memo to offer members best practices and guidance on the local revenue now returning to local agencies from the RDA wind-down process.

**Prop 1A Return of 2009-10 Local Property Taxes** – State repayment of \$1.9 billion of principal, plus interest, borrowed from special districts and other local agencies occurred in June for those entities that did not participate in the Proposition 1A Loan Securitization Program. California's Department of Finance submitted a letter with the official list of repayments per county to the State Controller's Office (SCO) on May 31, and the SCO has issued loan repayments to each county auditor-controller's office, which then disbursed lump-sum checks to each affected taxing entity. CSDA obtained an advance draft copy of this information and worked with its membership to address errors prior to distribution.

**LEGISLATIVE PROPOSALS:** CSDA takes a strong stand against any renewal of property tax-increment financing without the consent of each participating local agency.

- **AB 690 (CAMPOS): JOBS AND INFRASTRUCTURE DISTRICT** - CSDA successfully opposed AB 690, legislation that would have renewed the diversion of property tax-increment away from districts in order to create a Jobs and Infrastructure District (JID) program. Now a two-year bill, the author has committed to CSDA that she will amend the bill to require local agencies' consent prior to any property tax revenue diversion.
- **AB 1080 (ALEJO): COMMUNITY REVITALIZATION INVESTMENT AUTHORITIES** – *Support*, this model bill empowers local governments to create a Community Revitalization Investment Authority (CRIA). The bill requires the consent of all taxing agencies prior to the diversion of any property tax revenue and permits each agency to designate the amount and purpose the increment may be used for. Furthermore, it allows each agency to terminate the diversion at any time, so long as debt obligations are not impaired.

**TAKE ACTION:** Visit the Grassroots Action Center to download the RDA Fact Sheet with talking points that your district can use to educate the public as to how the returned funds are benefiting the local community. Moreover, download the comprehensive RDA residual payment and Prop 1A repayment schedule.

For specific questions, and for a copy of the internal memo sent to all CSDA Members, contact Kyle Packham, CSDA's Advocacy & Public Affairs Director overseeing advocacy efforts on taxation issues, at [kylep@csda.net](mailto:kylep@csda.net).

## LOWER VOTER THRESHOLD (55%) FOR LOCAL REVENUE

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**BACKGROUND:** Local general taxes, such as city and county sales tax measures, require a simple 50 percent majority voter approval and can be spent on anything. Local special taxes require a two-thirds super-majority voter approval and are dedicated to specific purposes, offering transparency and accountability to taxpayers.

Because all special districts provide limited services, all special district taxes are special taxes. Thus, a city could pass a general tax that is intended to fund its fire department or parks department using a 50 percent vote threshold, while community services districts, parks and recreation districts, fire protection districts and others must achieve a two-thirds vote.

The existing two-thirds requirement for local revenues frequently denies the will of a clear majority of voters. According to the California Local Government Finance Almanac, between 2001 and 2012, over half of local two-thirds vote measures that failed—279 of 475—achieved greater than 55 percent approval.

**LEGISLATIVE PROPOSALS:** CSDA supports passage of SCA 11 (Hancock) and ACA 8 (Blumenfield), state constitutional amendments that empower local communities to fund core local services and infrastructure through a 55 percent vote threshold if the agency meets new accountability provisions, including:

- ✓ Specifying all purposes of tax proceeds to voters;
  - ✓ Conducting annual independent audits of the proceeds collected and programs funded;
  - ✓ Establishing a citizens' oversight committee to review all expenditures and financial audits;
- **SCA 11 (HANCOCK): LOCAL REVENUE MEASURE THRESHOLD** – *Support*, places a proposition on the 2014 General Election Ballot to allow California's electorate to decide whether special districts, cities and counties may choose to pursue local special taxes with 55 percent approval from their local voters. SCA 11 does not raise a single tax, nor make any direct changes to current law. It simply allows the voters of California to choose whether or not a 55 percent threshold would best empower local communities to make their own local revenue decisions.

CSDA provided key testimony when this measure passed its first two policy committees. It is next scheduled to be heard before the Senate Appropriations Committee.

- **ACA 8 (BLUMENFIELD): LOCAL BOND THRESHOLD** – *Support*, places a proposition on the 2014 statewide General Election ballot to allow California's electorate to decide whether special districts and other local agencies may secure local infrastructure bonds with the same 55 percent voter approval threshold that currently applies to schools.

This measure has passed the State Assembly and is next scheduled to be heard before the Senate Governance and Finance Committee.

**TAKE ACTION:** Visit the Grassroots Action Center to access the latest information on advocacy efforts.

- Download SCA 11 and ACA 8 template support letters, legislative factsheets and talking points.

For specific questions contact Kyle Packham, CSDA's Advocacy & Public Affairs Director overseeing advocacy efforts on voter thresholds, at [kylep@cda.net](mailto:kylep@cda.net).

## RESERVE FUNDS

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**BACKGROUND:** In times of scarce public resources, some are quick to question the amount of reserve funds public agencies have set aside. Just last month, a major southern California newspaper published a story detailing and criticizing the reserve levels at every water and wastewater district in Orange County. Thus, it remains critical for special districts to proactively develop, implement and communicate reserve policies.

CSDA's Special District Reserve Guidelines, Second Edition, incorporates over a decade of new insights gained on improved best practices. Since CSDA's first edition of reserve guidelines, published in 2001, certain accounting practices and terminologies have evolved.



CSDA's Reserve Guidelines Task Force identified both the essential elements of reserve policies and key issues to be discussed during reserve policy development to assist districts in fulfilling their commitment to provide cost-effective public services to their communities. Areas covered in the second edition include: the formation of the Special District Reserve Guidelines, prudent accumulation and management of reserves and developing policy, and fund balance and net position/net assets.

The Special District Reserve Guidelines may be used to evaluate existing reserve policy, develop new reserve policy, and/or promote comprehensive and easily understood policies. Inevitably, public agencies will face scrutiny over whether to raise or reduce rates, taxes or fees. Having reserve policies in place prior to such occasions serves as a valuable tool for both making and explaining difficult decisions.

Prudent reserves make for sound budgeting. For countless families, saving for a rainy day is common-sense. For special districts, reserve funds are not just money in the bank; they are fundamental resources for ensuring reliable core services and community security.

### TALKING POINTS EXCERPT FROM RESERVE GUIDELINES:

- *Emergency Preparation* – In the event of a disaster, communities can't afford not to have savings readily available to quickly repair critical core infrastructure and bring core services back online.
- *Affordable Rates* – With appropriate savings, special districts are able to use resources wisely and smooth out the highs and the lows of volatile economic conditions, rather than spend their entire surplus and then seek new revenue or jeopardize services.
- *Infrastructure Maintenance* – Reserves mean the pipes are fixed, roofs are patched, and worn equipment is replaced without going back to the taxpayers to pay for routine upkeep.
- *Planning for the Future* – A long-term, thoughtful approach to public infrastructure requires the foresight to plan for, and the discipline to save for, future needs.

**TAKE ACTION:** Visit the [csda.net](http://csda.net) to download the Reserve Guidelines or order printed copies through the CSDA bookstore.

- Evaluate current district reserve policy.
- Adopt district reserve policy, if one has not been adopted.
- Promote understanding outside the boardroom and perform outreach on district financial management to facilitate understanding among the public, media and legislators.

For specific questions contact Kyle Packham, CSDA's Advocacy & Public Affairs Director, at [kylep@csda.net](mailto:kylep@csda.net).

## PUBLIC EMPLOYEE PENSIONS

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**BACKGROUND:** Public employee retirement systems are an important component of the total compensation package used to attract and retain highly qualified, career-minded employees to public service. Long-term career employees provide the institutional knowledge critical to delivering consistent and reliable core local services that benefit and protect communities.

While many special districts vigilantly work to maintain viable and sustainable pension programs, the ability to support pension costs is an issue confronting public employers throughout the state. Projected increasing costs in the near-term will present special districts with varied challenges of how to preserve the long-term sustainability of their pension plans for current and new employees. Changes in how pension programs are currently implemented are inevitable, and CSDA is committed to promoting reasonable, sustainable and transparent solutions.

**PUBLIC EMPLOYEES' PENSION REFORM ACT:** In January 1, 2013, the majority of the Public Employees' Pension Reform Act (PEPRA) provisions took effect. However, before many of those provisions can be implemented, the California Public Employees Retirement System (CalPERS) board must first adopt necessary regulations that will define terms, account for existing Memorandums of Understanding between employers and employees, clarify final pension benefit calculations, and reconcile state and federal regulations. Each of the regulatory reform proposals will go before the CalPERS Board, followed by a 45 day public comment period. CSDA is working closely with local government partners and CalPERS staff to ensure a smooth transition for employer agencies.

**ACTUARIAL POLICIES:** In April, the CalPERS Board approved a new rate amortization period and smoothing policies that phase-in employer rate increases over five years in an effort to return CalPERS to a fully-funded status within 30 years. The new methods address the risk identified in the system's Annual Review of Funding Levels and reflect changing demographics of CalPERS beneficiaries. The rate increase phase-in begins in FY 2015-16. Employer contributions rates could increase by as much as 50 percent total, with the largest increase in the first year. CalPERS is expected to provide a projected rate estimate for the five-year period along the annual actuarial valuations report this fall.

The new amortization periods and smoothing policies are expected to trade-off the higher employer contribution rates for greater rate predictability, especially in volatile market conditions, like the market activity experienced in FY 2008-09.

**LEGISLATIVE PROPOSALS:** Senate Bill 13 (Beall) is the main legislative vehicle that will provide for the new regulations if statutory changes are needed. This measure and others may be amended later in the legislative session to reflect the implementing regulations. Other efforts to amend provisions of PEPRA have not moved successfully in the Legislature.

**CALPERS SEEKS LIEN AUTHORITY TO RECOUP DELINQUENT PAYMENTS:** The CalPERS Board approved sponsoring legislation that would allow the system to place a lien on local agencies deemed to be delinquent in their payments. CalPERS currently has this authority over terminated agencies only. CalPERS stated the liens will offer a tool to maintain the health of the overall system and avoid risk to other CalPERS member agencies that are current with payments. This bill will be introduced next year.

**TAKE ACTION:** Visit the Grassroots Action Center to access the latest information on advocacy efforts.

- Latest information on CalPERS newly adopted amortization period and smoothing method.
- Background on the Public Employees' Pension Reform Act of 2013.

For specific questions contact Dorothy Holzem, CSDA's Legislative Representative overseeing advocacy efforts on public employee pensions, at [dorothyh@csda.net](mailto:dorothyh@csda.net).

## TRANSPARENCY & ACCOUNTABILITY

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**BACKGROUND:** Special districts are responsible for delivering core services to neighborhoods and regions based on voter-approved actions. As the most local form of government, they are first and foremost accountable to their voters and their ratepayers. Special districts offer exceptionally responsive governance because they directly oversee service delivery to their constituents.

**DISTRICT TRANSPARENCY CERTIFICATE OF EXCELLENT:** The Special District Leadership Foundation (SDLF) is pleased to offer a free recognition opportunity to highlight local good governance efforts related to transparency and public access. Visit [sdlf.org/transparency](http://sdlf.org/transparency) to learn more.

**SUSPENSION OF STATE MANDATES:** The California Public Records Act, Ralph M. Brown Act and AB 1234 Ethics training mandates continue to be under scrutiny following a flurry of action during the adoption of the FY 2013-14 budget and introduction of new legislation, Senate Constitutional Amendment 3 (Leno). Despite potential changes to suspension and reimbursement status, CSDA continues to encourage local districts to adhere to all good governance measures. The following talking points may be useful to respond to inquiries from the media or members of the public:

- We are committed to openness and transparency in all aspects of our district's delivery of core local services to our community.
- We hold in high regard public engagement in government. This requires making public records accessible to ensure the public can participate in an informed, meaningful way.
- We are, and should be, accountable first and foremost to the local residents we serve and the voters in our community.

**LEGISLATIVE PROPOSALS:** Several bills related to transparency and accountability are still moving through the legislature:

- **AB 1235 (GORDON): FINANCIAL MANAGEMENT TRAINING** – *Support*, creates fiscal management training requirements for elected local officials, similar to current AB 1234 ethics trainings, offering flexibility to complete existing professional development courses through in-person or online trainings.
- **AB 1248 (COOLEY): INTERNAL CONTROL GUIDELINES** – *Neutral*, places CSDA at the table with the State Controller, the League of California Cities and California State Association of Counties, to develop best practices for financial internal control guidelines that help ensure good fiscal housekeeping. CSDA successfully lobbied to make the bill's provisions voluntary and not mandatory.
- **SB 594 (HILL): LOCAL GOVERNMENT ASSOCIATION BALLOT ADVOCACY**– *Oppose*, creates significant new restrictions on non-profit associations with public agency members related to ballot measure advocacy. The measure broadly defines public resources, a restricted funding source for campaigns, to include all assets of the specific associations. It also creates burdensome audit and reporting requirements that single-out local government associations. While individual districts are not impacted by SB 594 directly, the measure would stifle CSDA's ability to share collective voice of special districts on ballot measures.

**TAKE ACTION:** Visit the Grassroots Action Center to access the latest information on advocacy efforts.

- Updates on mandate suspension status and new open meeting and public record legislation.
- Proposals from the State Controller's Office and Legislature on fiscal accountability requirements.

For specific questions contact Dorothy Holzem, CSDA's Legislative Representative overseeing advocacy efforts on transparency and accountability policy, at [dorothyh@csda.net](mailto:dorothyh@csda.net).

## CEQA REFORM

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**BACKGROUND:** The California Environmental Quality Act (CEQA) is a California statute intended to establish statewide environmental protections. It requires state and local agencies to analyze and disclose the environmental impacts of proposed projects and adopt all feasible measures to mitigate those impacts. Special districts have a unique and critical perspective on CEQA as proponents for public works projects and as “lead agencies” conducting CEQA review, making them key stakeholders in the development of CEQA public policy.

CSDA recognizes the value and importance of CEQA to the protection of the environment in California. Any proposed CEQA revisions should improve the efficiency of CEQA procedures without compromising its integrity or weakening crucial environmental protections. Well-designed environmental laws allow public agencies to efficiently construct projects necessary for the delivery of core local services, while implementing environmentally sustainable practices.

This year’s legislative session was to be the year of CEQA reform. Legislators introduced close to 30 CEQA-related bills, including bills to strengthen CEQA and bills to implement reforms. However, as the legislative session runs its course and the interest in reform wanes, the number of CEQA related bills CSDA is tracking has narrowed to fewer than five bills.

Included in the bills no longer moving forward this year are three bills opposed by CSDA that would have created burdensome new requirements for special districts – AB 543 (Campos), which, under certain circumstances, required a lead agency to translate certain CEQA documents into languages other than English, and AB 953 (Ammiano) and SB 617 (Evans), both of which required CEQA analysis of “significant effect on the environment” to take into consideration the effect of locating people near, or attracting people to, a natural hazard or adverse environmental condition. These bills failed to meet the necessary legislative deadlines and are now two year bills.

### LEGISLATIVE PROPOSALS:

- **SB 731 (STEINBERG): CEQA Modernization Act of 2013.** *Oppose Unless Amended*, the most comprehensive CEQA bill moving forward. Although it attempts to improve CEQA, as currently written, the bill places new burdens on public agencies, raising costs and potentially increasing litigation. Among these provisions, SB 731 requires a lead agency to prepare an annual report on project compliance with mitigation measures and requires a lead agency to circulate certain draft CEQA findings at least 15 days prior to approval of the proposed project.

**PUBLIC WORKS COALITION:** CSDA is taking a leadership role in coordinating the Public Works Coalition, comprised of public agencies. Earlier this year, legislative leaders received a Public Works Coalition letter offering comments and solutions to the challenges public agencies face in implementing CEQA. The coalition also provided suggested amendments to SB 731 (Steinberg) and is in conversation with the author’s office on ways to remove the burdens on public agencies. CSDA will continue to provide the perspective of special districts as the bills move through the legislative process.

**TAKE ACTION:** Visit the Grassroots Action Center to access the latest information on advocacy efforts.

- Find out how your district can participate in OPR’s CEQA Guidelines update process.
- Access CEQA coalition letters and more.
- Share with CSDA how CEQA helped or impeded one of your district’s projects. Your case studies help CSDA better advocate for the CEQA reforms special districts need most.

For specific questions contact Christina Lokke, CSDA’s Legislative Representative overseeing advocacy efforts on CEQA, at [christinal@csla.net](mailto:christinal@csla.net).



## GREEN REVENUE

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**BACKGROUND:** Funding for energy efficiency and greenhouse gas (GHG) reducing projects is the latest potential source of new revenue for local agencies.

**CAP-AND-TRADE AUCTION PROCEEDS:** The California Global Warming Solutions Act of 2006 (AB 32) required the California Air Resources Board (ARB) to adopt regulations to help reduce statewide GHG emissions to 1990 levels by 2020. As part of this, the ARB established a cap-and-trade auction program to hold quarterly auctions of pollution allowances. The state's portion of the proceeds from the auction, estimated to be approximately \$500 million a year, will be deposited in a special fund to support programs that further the purposes of AB 32.

The ARB and Department of Finance recently released a three-year investment plan for the state's portion of the auction proceeds. The proposal recommends allocating funds to enhance existing GHG reduction programs, and targets the largest contributors of GHG emissions, as well as projects with the highest potential for job opportunities. The plan identifies three priority investment sectors: Sustainable Communities Strategies development and implementation, energy efficiency and clean energy, and natural resources and waste diversion. However, it does not specify specific percentages or dollar amounts to be distributed to each investment sector.

Governor Brown's May Revise budget proposed delaying investment of the auction proceeds and instead loan \$500 million of this revenue to the General Fund. Legislators of the relevant budget committees showed their displeasure with this proposal during the budget hearing process. However, the Legislature ultimately voted to support the Governor's plan.

CSDA is continuing its advocacy efforts in support of allocating cap-and-trade revenue to local governments. While CSDA and our local government partners asked for investment this year, the loan is merely a deferral of the investment decision. Our work continues as the ARB revises its AB 32 Scoping Plan and the Administration adds expenditure numbers to its Investment Plan in advance of next year's budget, where the decision on how to invest this revenue is now expected to be finalized.

**PROPOSITION 39:** Last fall, voters passed Prop 39, which closed a tax loophole for out-of-state corporations. This is expected to generate about one billion additional dollars for the state. Prop 39 directs half of the new revenue, through fiscal year 2017-18, to fund projects at schools and other public buildings that create jobs, improve energy efficiency and expand clean energy generation. CSDA advocated that other public agencies should have access to at least part of these revenues. However, the governor and Legislature ultimately agreed to direct all of this funding towards school facilities. The budget agreement also dedicates \$28 million of the \$500 million in annual revenue to supplement an existing revolving loan fund open to all local governments, but currently limits its use to K-14 schools.

**LOCAL GOVERNMENT GREEN REVENUE COALITION:** CSDA joined forces with other local governments as part of a Local Government Green Revenue Coalition to collectively advocate for the state to invest cap-and-trade auction proceeds and Prop 39 revenue in local governments. As part of this coalition, CSDA meets with legislators to discuss the importance and benefit of investing green revenue in special districts, takes positions on relevant bills and provides testimony to the budget committees.

**TAKE ACTION:** Visit the Grassroots Action Center to access the latest information on advocacy efforts.

- Share with CSDA GHG reducing projects your district is planning or considering.

For specific questions contact Christina Lokke, CSDA's Legislative Representative overseeing advocacy efforts on green revenue funding for special districts, at [christinal@csda.net](mailto:christinal@csda.net).

## HOW TO GET INVOLVED WITH CSDA LEGISLATIVE ADVOCACY

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**CSDA LEGISLATIVE COMMITTEE:** The committee plays a key role in establishing priorities and positions on legislation each legislative session. CSDA members or business affiliate may apply to join.

**CSDA LEGISLATIVE DISTRIBUTION LIST:** CSDA offers an additional distribution list where participants are copied on email correspondence sent to the CSDA Legislative Committee. The Legislative Distribution list provides an opportunity to give feedback on issues before the committee. This is a great way to stay informed of CSDA's legislative efforts without the time and travel commitment of serving as a member of the committee.

**EXPERT FEEDBACK TEAMS:** CSDA established ten teams to provide invaluable expertise to CSDA advocacy staff. The teams are comprised of district staff, management, directors and business affiliates who work within specified disciplines. When a need for feedback arises on a particular policy matter, CSDA advocacy staff sends an email to an expert feedback team asking for input. Team members reply with their thoughts, opinions and experiences. Teams include: Budget, Finance and Taxation; Environmental Sustainability; CEQA; Formation and Reorganization; Human Resources and Personnel; Transparency and Accountability; Public Works and Contracting; and Legal.

**SPECIAL DISTRICTS LEGISLATIVE DAYS:** Held in Sacramento each May, Special Districts Legislative Days (SDLD) is the premier advocacy event for special district leaders. SDLD provides attendees with the opportunity to hear from and interact with statewide policy makers and legislators.

SDLD 2013 featured keynote speeches from State Controller John Chiang, Secretary for Natural Resources John Laird, and Assembly Member Nancy Skinner. In addition, attendees participated in a legislative briefing by CSDA's Advocacy & Public Affairs staff, moderated panel discussions with state legislators and top finance experts, and roundtable conversations covering the most pertinent issues facing specific districts.

**YOUR TOOLS:** In addition to the many ways you can be involved with CSDA's advocacy efforts, CSDA offers a variety of tools to keep you up-to-date and assist you in your district's legislative and public outreach:

- CSDA e-News & Legislative Alerts – CSDA's e-News is a weekly electronic newsletter detailing the most important legislative and regulatory issues affecting special districts. Legislative Alerts notify members of urgent legislative issues and calls to action.
- Legislative Access Services –The CSDA website contains many useful tools for your district, including bill reports, information on your legislator, assistance with setting up a meeting with your legislator, helpful guides and more!
- Grassroots Action Center – An online destination where you can find the most pressing issues facing special districts, including how your district can join ongoing advocacy efforts.
- Social Media – Stay connected to the special district community. Follow @specialdistrict on Twitter and "like" CSDA's Facebook page [facebook.com/specialdistrict](https://facebook.com/specialdistrict)



### TAKE ACTION:

- Join a CSDA Legislative Committee. The approval of committee membership requests takes place at the CSDA Board planning session each fall.
- Join the CSDA Legislative Distribution List.
- Join an Expert Feedback Team. Contact Jess Lima at [jessl@csda.net](mailto:jessl@csda.net) for more information.
- Follow CSDA on Twitter and "like" CSDA's Facebook page.
- If you currently do not receive e-News, email [Travisw@csda.net](mailto:Travisw@csda.net) and ask to be added.