

**Rural County Representatives of California
Board of Directors Meeting
Thursday, June 18, 2015 – 8:30 a.m.
Downieville Masonic Hall
201 Commercial Street
Downieville, CA 95936**

MINUTES

Call to Order, Determination of Quorum and Self Introductions

Chair, Supervisor Lee Adams, Sierra County, called the meeting to order at 8:39 a.m. A quorum was determined at that time. Those present:

<u>Supervisor</u>	<u>County</u>
Mary Rawson	Alpine
Brian Oneto	Amador
Doug Teeter	Butte
Dave Finigan	Del Norte
Michael Ranalli	El Dorado
John Viegas	Glenn
Rex Bohn	Humboldt
Matt Kingsley	Inyo
Anthony Farrington	Lake
Aaron Albaugh	Lassen
David Rogers	Madera
Kevin Cann	Mariposa
Carre Brown	Mendocino
Geri Byrne	Modoc
Diane Dillon	Napa
Nate Beason	Nevada
Jim Holmes	Placer
Kevin Goss	Plumas
Anthony Botelho	San Benito
Lee Adams	Sierra
Michael Kobseff	Siskiyou
Larry Munger	Sutter
Bob Williams	Tehama
John Fenley	Trinity
Allen Ishida	Tulare
Sherri Brennan	Tuolumne
Matt Rexroad	Yolo
Roger Abe	Yuba

Absent

Kim Dolbow Vann	Colusa
Cliff Edson	Calaveras
Michael Kelley	Imperial
John Pedrozo	Merced
Tim Fesko	Mono
Les Baugh	Shasta

Others in Attendance

Supervisor Peter Huebner, Sierra County
Cindy Ellsmore, Keep it California
Wanda Ishida

Staff in Attendance

Greg Norton, President & CEO
Patricia Megason, Executive Vice President
Paul A. Smith, Senior Legislative Advocate
Kathy Mannion, Legislative Advocate
Mary Pitto, Regulatory Affairs Advocate
Staci Heaton, Regulatory Affairs Advocate
Cyndi Hillery, Legislative Advocate
Sarah Bolnik, Office Manager

Pledge of Allegiance

Approval of Minutes – April 15, 2015

Chair, Lee Adams, Sierra County, called for approval of the minutes from the April 15, 2015 Board of Directors Meeting.

Supervisor Carre Brown, Mendocino County, motioned to approve the minutes from the April 15, 2015 Board of Directors Meeting. Supervisor Diane Dillon, Napa County, seconded the motion. Motion passes unanimously.

Abstaining:

Supervisor Brian Oneto, Amador County; Supervisor Dave Finigan, Del Norte County; Supervisor Michael Ranalli, El Dorado County; Supervisor Anthony Farrington, Lake County; Supervisor Kevin Goss, Plumas County; Supervisor Michael Kobseff, Siskiyou County; Supervisor Matt Rexroad, Yolo County

RCRC Chair's Report

Chair, Supervisor Lee Adams, thanked all of his colleagues from Sierra County for all of their hard work preparing for this event. Supervisor Adams also thanked Supervisor Peter Huebner who personalized his book for each and every Board Member and staff member in attendance.

Member County Concerns and Issues

Supervisor Carre Brown, Mendocino County, provided an update to the Board of Directors regarding the CEQA lawsuit relating to wildlife services.

Supervisor Brown acknowledged Supervisor Rex Bohn who worked with her as well as RCRC staff on writing an Op-Ed on the North Coast Regional Water Quality Control Board marijuana cultivation regulations and marijuana growers being compliant.

Supervisor Allen Ishida, Tulare County, reminded the Board of Supervisors that the drought California is facing is one that will go down in history. In Tulare County alone, the farming industry is in a steady decline and could soon prove to be nonexistent.

Supervisor Ishida also informed the Board that he recently filed an “intent to run” for Governor of the State of California.

Supervisor Sherri Brennan, Tuolumne County, reported to the Board of Directors that all of the timber left from the disaster of the Rim Fire in Tuolumne County is un-saleable. Supervisor Brennan also discussed Assembly Bill 590 (Dahle).

Supervisor David Rogers, Madera County, discussed the issue of subsidence in Madera County. Supervisor Rogers believes that the farming industry could be eliminated in his county from the effects of this drought.

Supervisor Kevin Cann, Mariposa County, discussed issues surrounding Lake McClure in Mariposa County which currently provides water to many of the local residents and to a hydroelectric power plant

Supervisor Cann also raised the issue of Airbnb, which is a national, internet-based system, which allows the renting of personal private residential rooms or the entire residence for a given amount of time. The issue for counties is how to collect transit occupancy taxes (TOT) on these privately-rented rooms and homes.

Public Comments

Cindy Ellsmore, Chair of Keep it California, addressed the RCRC Board of Directors regarding the mission of her non-profit organization. Ms. Ellsmore believes that all rural counties need to work together to improve California rather than supporting the State of Jefferson, or any other California-splitting, movement. Ms. Ellsmore informed the Board that she would be available after the meeting if anyone wanted more information.

President’s Report

Greg Norton, President & CEO, applauded the Sierra County Supervisors, staff and the community for putting together an amazing event. Mr. Norton noted that everything from the Welcome BBQ, the Mine presentation and tour, and the music and food at Sardine Lake Resort was wonderful.

Mr. Norton announced the hiring of Mr. Terrance Rodgers as RCRC’s new Business Analyst. Mr. Rodgers will be introduced to the Board at the next Board of Directors

meeting, and in the future he will be working with counties on rural economic development projects.

Mr. Norton reported that recently Justin Caporusso, Kathy Mannion, Mary Pitto, and he attended the Glenn County Board of Supervisors meeting.

RCRC 2014 Annual Audit and Financial Statements

Greg Norton presented the 2014 audited financial statements and information letter for RCRC. Moss Adams LLP, RCRC's independent auditing firm, provided the RCRC financial statements with an unqualified "clean" opinion and there were no significant matters identified and no audit adjustments were proposed. Moss Adams had presented the financial statements and letter to the RCRC Executive Committee in their capacity as the Audit Committee on May 6, 2015.

Staff Recommendation

Staff recommends that the Board of Directors review and approve the 2014 audited financial statements and communication letter as presented.

Supervisor Michael Kobseff, Siskiyou County, motioned to approve the staff recommendations. Supervisor Jim Holmes, Placer County, seconded the motion. Motion passes unanimously.

ESJPA Revolving Loan

Greg Norton reported on the Rural Counties Environmental Services Joint Powers Authority (ESJPA) revolving loan with RCRC. Mr. Norton explained that ESJPA provides grant services that in some instances receive funds in advance, and expenses are paid for from grant proceeds. In other cases ESJPA is reimbursed after the expenditures have been incurred. As a result, cash flow issues have been a concern for the ESJPA.

Mr. Norton explained that in the past, RCRC has made contributions to the ESJPA to provide cash flow assistance via a revolving business loan of up to \$50,000. Currently, ESJPA has utilized nearly all of the funds previously approved as a part of the budget, and has been unable to repay the loan. Mr. Norton explained the need for RCRC to again assist with ESJPA's cash flow challenges by approving an additional \$50,000 for 2015. At the Executive Committee Meeting on May 6, 2015, the Executive Committee approved an additional \$50,000 business loan for a total of up to \$100,000 to assist with current and future 2015 cash flow needs.

Staff Recommendation

Staff recommends the RCRC Board of Directors approve the RCRC President's request for the authority to make up to \$100,000 (cumulative) in revolving business loans to the ESJPA to assist with current and future 2015 cash flow needs.

Supervisor Larry Munger, Sutter County, motioned to approve the staff recommendations. Supervisor Kevin Cann, Mariposa County, seconded the motion. Motion passes unanimously.

2015 State Budget Update

Patricia Megason, Executive Vice President, reviewed with the Board of Directors the preliminary discussion that took place in the days leading up to the passage of the state budget and a handful of budget trailer bills.

Paul A. Smith, Senior Legislative Advocate, informed the Board that the majority of the budget trailer bills will be considered and likely adopted on June 19, 2015. Mr. Smith reported that the issue of retired annuitants is being addressed in one of the trailer bills, and if passed, it would mean that mandatory reinstatement into the California Public Employees Retirement System would no longer be required. Lastly Mr. Smith reported that state budget contains \$3.1 million for assistance with Fairs. The Department of Food and Agriculture will issue a priority funding list which will show which fairs will receive funding

Cyndi Hillery, Legislative Advocate, reported that on June 15, 2015, there was \$25 million set aside in the state budget for Home-to-School Transportation. On June 17, 2015, the full sum of monies was removed from the state budget as part of an overall agreement between the Governor and the legislative leadership. Ms. Hillery also reported that all monies have been removed from the Medi-Cal Reimbursement Rate restoration.

Ms. Hillery informed the Board that the monies for County Veterans Service Officers remain in the state budget. Ms. Hillery added that Cal Fire will get \$5 million in State responsibility Area fee grants.

Kathy Mannion, Legislative Advocate, reviewed an item in the state budget package which addresses public water systems consolidation. This controversial aspect of the state budget package stems from the prolonged drought.

Ms. Mannion reported that both the Senate and Assembly Budget Subcommittees approved \$644,000 in state Payment in Lieu of Taxes (PILT) funding for the 2015-16 fiscal year, \$8 million for the arrears owed counties, and additionally rejected the Administration's proposed budget trailer bill language making payment of PILT permissive. However, the Governor and the Senate and Assembly leaders negotiated a budget deal that negated the action taken by the Legislature on PILT. SB 97 (also known as Budget Bill Junior which contained modifications to the initially-adopted state budget) deleted the \$8 million intended to pay for the arrears, and SB 83, the Resources budget trailer bill, included changes to existing law making the payment of PILT permissive. RCRC has sent a letter to the Legislature opposing these last-minute changes.

Staci Heaton, Regulatory Affairs Advocate, reported that \$2 billion will be allocated in 2015-16 from Cap and Trade. From this pot of funds, \$30 million will be used for the administration of programs already in place. However, there are a variety of Cap and Trade monies that have yet to be allocated and those decisions will be deferred until later in the Legislative Session. The Senate would like to see \$500 million used for a new program to benefit disadvantaged communities. The Assembly would like to see

\$175 million put in grant programs such as energy efficiency. The Governor would like to give \$60 million to CalRecycle, and the Senate would like to cut that amount to \$10 million. Ms. Heaton also reported that the Senate wants to move the money set aside for Cal Fire to the California Wildlife Conservation Board.

Senate Bill 16 (Beall) Transportation Funding

Paul A. Smith discussed and reviewed Senate Bill 16 (Beall) regarding funding for transportation. Mr. Smith explained that SB 16 provides additional monies for road maintenance by increasing transportation taxes on motor fuels and vehicle registrations. Monies collected from these revenues would be spent on local streets and roads for repair and maintenance. If passed, Senate Bill 16 would take effect immediately. Mr. Smith explained that the goal of SB 16 is to keep all money generated within the highway/road system for needed maintenance. Also discussed was that no funds collected from the fees will be used for transit. Mr. Smith added that there is a five-year sunset on this bill. The Board of Directors discussed at length this controversial bill.

Staff Recommendation

RCRC recommends the RCRC Board of Directors adopt a “support” position. RCRC staff believes this transportation funding package offers the best opportunity for rural county’s local roads and state highways that exist in rural areas. Specifically, the attributes to the bill are:

- An even split of revenues raised between the state and locals
- Focus is on the maintenance of the existing state highway and local road systems
- Using already-in-place formulas to split the local share
- Requires electric vehicles to pay into the transportation system
- State highway improvements generally benefit rural areas

Supervisor Anthony Botelho, San Benito County, motioned to approve the staff recommendation. Supervisor Diane Dillon, Napa County, seconded the motion. Motion passes by the following roll call vote:

Aye: Supervisor Mary Rawson, Alpine County; Supervisor Brian Oneto, Amador County; Supervisor Doug Teeter, Butte County; Supervisor David Finigan, Del Norte County; Supervisor Michael Ranalli, El Dorado County; Supervisor Rex Bohn, Humboldt County; Supervisor Matt Kingsley, Inyo County; Supervisor Anthony Farrington, Lake County; Supervisor Aaron Albaugh, Lassen County; Supervisor David Rogers, Madera County; Supervisor Kevin Cann, Mariposa County; Supervisor Carre Brown, Mendocino County; Supervisor Diane Dillon, Napa County; Supervisor Jim Holmes, Placer County; Supervisor Kevin Goss, Plumas County; Supervisor Anthony Botelho, San Benito County; Supervisor Lee Adams, Sierra County; Supervisor Larry Munger, Sutter County; Supervisor John Fenley, Trinity County; Supervisor Matt Rexroad, Yolo County; Supervisor Roger Abe, Yuba County

Nay: Supervisor John Viegas, Glenn County; Supervisor Geri Byrne, Modoc County; Supervisor Nate Beason, Nevada County; Supervisor Sherri Brennan, Tuolumne County

Abstain: Supervisor Michael Kobseff, Siskiyou County; Supervisor Bob Williams, Tehama County

Absent: Supervisor Cliff Edson, Calaveras County; Supervisor Kim Dolbow Vann, Colusa County; Supervisor Michael Kelley, Imperial County; Supervisor John Pedrozo, Merced County; Supervisor Tim Fesko, Mono County; Supervisor Les Baugh, Shasta County; Supervisor Allen Ishida, Tulare County

Assembly Bill 266 (Bonta) Medical Marijuana

Paul A. Smith discussed Assembly Bill 266 (Bonta) regarding the creation of a medical marijuana licensing and regulatory structure. Mr. Smith explained to the Board that AB 266 does not sanction the use of marijuana, and is strictly dealing with regulating medical marijuana. Mr. Smith noted that AB 266 reflects roughly 90% of what RCRC has requested: local land-use control is preserved; providing explicit county taxing authority; abolishing the 'Collective Model' in favor of a strict licensing scheme; addressing the environmental impacts of cultivation; and a State-centric licensing and enforcement scheme. Mr Smith reported that AB 266 has secured passage in the Assembly.

Mr. Smith thanked the staff in Butte, Mendocino, Trinity and Tehama for their assistance addressing the variety of county-related issues in this bill.

Staff Recommendation

RCRC recommends the RCRC Board of Directors adopt a "support if amended" position. On the whole, AB 266 is a much-improved legislative measure compared with previous licensing bills. The bill addresses nearly every aspect of RCRC's policy principles.

Supervisor John Fenley, Trinity County, motioned to approve the staff recommendation. Supervisor Carre Brown, Mendocino County, seconded the motion. Motion passes by the following roll call vote:

Aye: Supervisor Mary Rawson, Alpine County; Supervisor Brian Oneto, Amador County; Supervisor Doug Teeter, Butte County; Supervisor Michael Ranalli, El Dorado County; Supervisor John Viegas, Glenn County; Supervisor Rex Bohn, Humboldt County; Supervisor Matt Kingsley, Inyo County; Supervisor Anthony Farrington, Lake County; Supervisor Aaron Albaugh, Lassen County; Supervisor David Rogers, Madera County; Supervisor Kevin Cann, Mariposa County; Supervisor Carre Brown, Mendocino County; Supervisor Geri Byrne, Modoc County; Supervisor Diane Dillon, Napa County; Supervisor Nate Beason, Nevada County; Supervisor Jim Holmes, Placer County; Supervisor Kevin Goss, Plumas

County; Supervisor Anthony Botelho, San Benito County; Supervisor Lee Adams, Sierra County; Supervisor Larry Munger, Sutter County; Supervisor John Fenley, Trinity County; Supervisor Sherri Brennan, Tuolumne County; Supervisor Matt Rexroad, Yolo County; Supervisor Roger Abe, Yuba County

Nay: 0

Abstain: Supervisor Dave Finigan, Del Norte County

Absent: Supervisor Cliff Edson, Calaveras County; Supervisor Kim Dolbow Vann, Colusa County; Supervisor Michael Kelley, Imperial County; Supervisor John Pedrozo, Merced County; Supervisor Tim Fesko, Mono County; Supervisor Les Baugh, Shasta County; Supervisor Allen Ishida, Tulare County

Proposals to Increase Solid Waste Tipping Fees

Paul A. Smith and Mary Pitto reported on legislative efforts to increase the state-imposed solid waste disposal fee. RCRC and the ESJPA are working with the Administration and solid waste stakeholders on a proposal to increase the disposal fee (commonly referred to as the ‘tipping fee’) and create a new fee structure on facilities or generators. As solid waste is successfully diverted from landfills, the Integrated Waste Management Account that funds CalRecycle activities decreases, and the solid waste tipping fee becomes an unsustainable funding source. RCRC Policy Principles acknowledge this issue and accepts a reasonable increase as a short term solution, with a more sustainable funding source sought in the future. RCRC staff anticipates a \$2.00 increase being proposed and the Administration wants the bill to grant authority to CalRecycle to adopt regulations for a generator fee scheme.

RCRC staff has made it clear that any tipping fee increase had to include the cost of the State Water Boards’ Waste Discharge Requirement (WDR) Fees before the organization would support the bill. As an example of the current inequity of the WDR fee structure, Mary Pitto explained that currently a closed landfill in Crescent City pays more than twice as much as Puente Hills, a Southern California recently-closed landfill, and more than the open Altamont Pass landfill that services the Bay Area and San Joaquin Valley. If the tipping fee absorbs the cost of the WDR fees, it would be at a cost of approximately \$0.50/ton.

Staff Recommendation

Staff recommends that the RCRC Board of Directors allow RCRC staff to continue its work with both the Administration and CalRecycle to work towards a position of “support” for a reasonable tipping fee increase and a mechanism to impose fees to other solid waste facilities in the future.

Supervisor Michael Kobseff, Siskiyou County, motioned to approve the staff recommendations. Supervisor Bob Williams, Tehama County, seconded the motion. Motion passes unanimously.

State Legislation

Paul Smith reviewed Senate Bill 593 regarding transient occupancy taxes with the Board.

Kathy Mannion reviewed a number of bills of interest to rural counties including:

- Assembly Bill 291 relating to CEQA which RCRC has an “Oppose unless Amended” position;
- Senate Bill 239 relating to Fire Protection Services. RCRC has an “Oppose” position on this bill;
- Assembly Bill 851 relating to LAFCOs. As a result of amendments taken, RCRC is now in support of this bill as it is being sponsored by CALAFCO;
- Assembly Bill 1390 relating to groundwater adjudication which RCRC has an “Oppose unless Amended” position.

Cyndi Hillery reviewed a number of bills including:

- Assembly Bill 1336 which RCRC opposed and helped defeat regarding the expansion of the flawed definition of the CalEnviroScreen definition of “disadvantaged communities”. Ms. Hillery reported that this bill failed to have an initial policy committee hearing;
- Assembly Bill 590, an RCRC-supported measure, regarding the expenditure of greenhouse gas reduction funds on the support and improvement of biomass infrastructure and the biomass industry. Ms. Hillery reported that although the bill was weakened in the Appropriations Committee, the author is committed to shoring up the measure. The bill has strong bi-partisan support and good partners amongst the Budget Committee members working on the cap-and-trade Budget Trailer Bill over the course of the summer;
- Assembly Bill 435 is an RCRC-supported measure to improve transparency of CalEPA hearings by requiring them to be webcast such that individuals unable to travel to Sacramento could view them;
- Ms. Hillery reported on the current status of the concurrent enrollment bills and reported that while RCRC supported both AB 288 and AB 889, only the AB 288 bill passed out of Appropriations Committee and is moving forward;
- SB 191 is the RCRC-supported home-to-school transportation measure. As reported earlier in the meeting, this funding was added to, and then removed from the State Budget. It is unclear what that means for the fate of the legislative effort.

Ms. Hillery also reported on the Medi-Cal Reimbursement Rate bills Senate Bill 243 and its Assembly companion measure, Assembly Bill 366. Senate Bill 243 was defeated in the Senate Appropriations Committee. Assembly Bill 366 had all the funding for reimbursement rate restorations removed from it and it has been changed into a bill to study whether or not Medi-Cal reimbursement rates affect access to health care. RCRC will continue to support AB 366 in its amended form.

Ms. Hillery also passed out packets of information regarding the statewide distribution of SRA fee expenditures and grants distributed at the Board of Forestry meeting by CAL FIRE this week.

State Mining and Reclamation Act Legislation

Cyndi Hillery and Mary Pitto reviewed three efforts this year for State Mining and Reclamation Act (SMARA) reform regarding a mining fee increase, reclamation plans, financial assurances, inspection requirements, and clear authority and processes. Senate Bill 209 (Pavley) is a continuation of last year's effort - SB 1270 (Pavley), which started with the state taking additional controls. While SB 209 is a much different approach than last year, RCRC still opposes the bill unless it is amended to address restrictions on who is qualified to conduct the annual inspections and stated conflict for Planning Department employees conducting inspections on Public Works Department's mining operations. RCRC supports Assembly Bill 1142 (Gray) which contains RCRC-proposed language on the above-mentioned restrictions. AB 1142 is also supported by industry. The third effort is by the Administration. Administration has been meeting with the various stakeholders, including the Department of Conservation, identifying the issues and proposing language. To date, it appears Administration wants counties to maintain local control, but it is not clear how this will be incorporated into which bill.

Federal Update

Paul Smith provided an update on Secure Rural Schools (SRS) payments. These payments should be arriving in the offices of County fiscal departments before the end of June.

Mr. Smith reported on the ongoing federal appropriations process and that the House has reviewed a measure which contains, among others, funding for the Federal PILT program, albeit for one year. The Senate version however does not include an appropriation for Federal PILT.

Cyndi Hillery reported that full funding for the 10-year rolling average was received for all federal fire-fighting agencies but there is no Wildfire Disaster Funding Act in the House Interior Appropriations bill. Ms. Hillery reported that it is already known that the 10-year rolling average will not be sufficient for fire season and that fire borrowing is nearly guaranteed. Ms. Hillery did note that the full funding of the 10-year average should be considered positive.

Sustainable Groundwater Management Act Implementation

Kathy Mannion reported to the Board of Directors that she recently participated in a meeting with the Department of Water Resources and the joint RCRC/CSAC County Sustainable Groundwater Management Act (SGMA) Working Group. Supervisor Bob Williams, Tehama County, who participated in the meeting via phone, reported to the Board that cities and counties are forming Groundwater Sustainability Agencies (GSA's) to facilitate their ability to secure funding for planning and implementation. Ms. Mannion reported that it is likely that some of the Proposition 1 monies will be made available to assist in GSA formation.

California WaterFix – California EcoRestore

Kathy Mannion reported that the California WaterFix and California EcoRestore have taken the place of the Bay Delta Conservation Plan. California WaterFix proposes to build new Delta conveyance facilities (twin tunnels) and California EcoRestore will include more than 30,000 acres of habitat restoration in the Delta. Ms. Mannion informed the Board that on June 15, 2015 the notice of intent was published in the Federal Register.

Air Resources Board Short Lived Climate Pollutant Strategy

Staci Heaton reported on the Air Resources Board short-lived Climate Pollutant Strategy, which is the newest ARB regulatory scheme. Ms. Heaton reviewed the concept paper with the Board of Directors. It is assumed that later this summer a draft will be released. RCRC staff will keep the Board up-to-date on concerns.

Clean Water Act Definition of Waters of the United States

Staci Heaton reported that the final rule was released on May 26, 2015 on the definition of Waters of the United States. Ms. Heaton reviewed the final rule with the Board, and concluded that the rule remains very vague. The rule is official 60 days after it is published in the Federal Register; however this rule has yet to be published at this time. Ms. Heaton reviewed two bills currently in Congress; HR 1732 and S 1140, which are similar and would force the U.S. Environmental Protection Agency to redraft the rule with meaningful stakeholder input.

Adjournment

Chair, Supervisor Lee Adams, Sierra County, adjourned the RCRC Board of Directors Meeting at 12:28 p.m.