

SACRAMENTO LOCAL AGENCY FORMATION COMMISSION
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(916) 874-7458

May 2, 2012

TO: Sacramento Local Agency Formation Commission
 FROM: Peter Brundage, Executive Officer *PB*
 RE: Legislative Update

CONTACT: Don Lockhart, AICP, Assistant Executive Officer (916) 874-2937

RECOMMENDATION

Information only, no action is recommended.

BACKGROUND

This memo is part of the ongoing effort to keep your Commission informed regarding various legislative matters.

PENDING LEGISLATION

AB 2238 (Perea D) Public water systems: drinking water.

Current Text: Amended: 4/11/2012

Introduced: 2/24/2012

Last Amended: 4/11/2012

Status: 4/19/2012-From committee: Do pass and re-refer to Com. on E.S. & T.M. (Ayes 6. Noes 3.)
 (April 18). Re-referred to Com. on E.S. & T.M.

2Year	Desk	Policy	Fiscal	Floor	Desk	Policy	Fiscal	Floor	Conf.	Enrolled	Vetoed	Chaptered
Dead	1st House			2nd House			Conc.					

Calendar:

4/24/2012 1:30 p.m. - State Capitol, Room 444 ASSEMBLY ENVIRONMENTAL SAFETY AND TOXIC MATERIALS, WIECKOWSKI, Chair

Summary:

Current law requires the State Department of Public Health to administer programs to fund improvements and expansion of small community water systems using specified priorities. Current law requires the department to encourage the consolidation of small community water systems that serve disadvantaged communities if consolidation will help the affected agencies and the state meet specified goals. Current law allows funding of studies regarding the feasibility of consolidating 2 or more community water systems, at least one of which is a small community water system that serves a disadvantaged community. Current law requires the department to give funding priority to projects involving physical restructuring of 2 or more community water systems into a single, consolidated system when it is shown that the consolidation would further specified goals. This bill would require the department to promote the consolidation and merger of small community water systems that serve disadvantaged communities, as specified, and would require the studies performed prior to a

construction project to include the feasibility of consolidating or merging community water systems. This bill would prohibit the department from determining the consolidation or merger to be infeasible if the local agency formation commission (LAFCO) also conducted a study or service review of the project within the previous 5 calendar years and determined the project was feasible. This bill would also require the department to give priority to funding projects involving managerial consolidation or merger when the consolidation or merger would further specified goals. This bill contains other related provisions and other current laws.

Attachments:

CALAFCO Opposition Letter - Amended Bill - April 19 2012

Position: Oppose

Subject: Water, Municipal Services

CALAFCO Comments: This bill, sponsored by California Rural Legal Assistance, would require LAFCo to determine the feasibility of consolidations, reorganizations and other service efficiency alternatives in every water and wastewater MSR, regardless whether it affects disadvantaged unincorporated communities. We believe it will result in spending hundreds of thousands of dollars on useless studies. It also makes LAFCo eligible to apply for grants to fund the studies, but whether the funds can be used for MSRs, LAFCo eligibility, and the likelihood that it would actually receive any funds are significant questions. The bill also makes a number of changes to laws on grants and loans to local agencies for water and wastewater facilities in an attempt to direct more funds to DUCs. It would require state agencies to consider LAFCo MSRs and other studies when evaluating grants. We anticipate more amendments to this bill.

AB 2291 (Gordon D) Local agency formation: extension of services.

Current Text: Introduced: 2/24/2012

Introduced: 2/24/2012

Status: 3/15/2012-Referred to Com. on L. GOV.

2Year	Desk	Policy	Fiscal	Floor	Desk	Policy	Fiscal	Floor	Conf. Conc.	Enrolled	Vetoed	Chaptered
Dead	1st House				2nd House							

Summary:

Current law, the Cortese-Knox-Hertzberg Local Government Reorganization Act of 2000, authorizes a local agency formation commission, until January 1, 2013, to review and comment on the extension of services into previously unserved territory within unincorporated areas and the creation of new service providers to extend urban-type development into previously unserved areas to ensure that the proposed extension is consistent with the policies of the commission and certain policies under state law. This bill would eliminate the repeal date of January 1, 2013.

Position: None at this time

CALAFCO Comments: We believe this is a placeholder bill. CALAFCO Legislative Committee supports letting this section sunset as no LAFCo uses these provisions.

AB 2624 (Smyth R) Sustainable communities.

Current Text: Introduced: 2/24/2012

Introduced: 2/24/2012

Status: 3/19/2012-Referred to Com. on L. GOV.

2Year	Desk	Policy	Fiscal	Floor	Desk	Policy	Fiscal	Floor	Conf. Conc.	Enrolled	Vetoed	Chaptered
Dead	1st House				2nd House							

Calendar:

4/25/2012 1:30 p.m. - State Capitol, Room 447 ASSEMBLY LOCAL GOVERNMENT, SMYTH, Chair

Summary:

The Safe Drinking Water, Water Quality and Supply, Flood Control, River and Coastal Protection Bond

Act of 2006, an initiative measure approved by the voters at the November 7, 2006, statewide general election makes about \$5,400,000,000 in bond funds available for safe drinking water, water quality and supply, flood control, natural resource protection, and park improvements. Current law establishes the Strategic Growth Council and appropriated \$500,000 from the funding provided by the initiative to the Natural Resources Agency to support the council and its activities. The council is required to manage and award grants and loans to a council of governments, metropolitan planning organization, regional transportation planning agency, city, county, or joint powers authority for the purpose of developing, adopting, and implementing a regional plan or other planning instrument to support the planning and development of sustainable communities. This bill would make a local agency formation commission eligible for the award of financial assistance for those planning purposes.

Attachments:

CALAFCO Support Letter - April 2012

Position: Support

Subject: Sustainable Community Plans

CALAFCO Comments: Makes LAFCo an eligible agency to apply for Strategic Growth Council grants. Sponsored by CALAFCO.

AB 2698 (Committee on Local Government) **The Cortese-Knox-Hertzberg Local Government Reorganization Act of 2000.**

Current Text: Introduced: 3/21/2012

Introduced: 3/21/2012

Status: 4/17/2012-In committee: Set, first hearing. Hearing canceled at the request of author.

2Year	Desk	Policy	Fiscal	Floor	Desk	Policy	Fiscal	Floor	Conf. Conc.	Enrolled	Vetoed	Chaptered
Dead	1st House				2nd House							

Calendar:

5/9/2012 1:30 p.m. - State Capitol, Room 447 ASSEMBLY LOCAL GOVERNMENT, SMYTH, Chair

Summary:

Current law, the Cortese-Knox-Hertzberg Local Government Reorganization Act of 2000, sets forth the powers and duties of a local agency formation commission, including, among others, the power to approve the annexation of a contiguous disadvantaged community, under specified circumstances. Current law provides that an application to annex a contiguous disadvantaged community is not required if the commission finds that a majority of the residents within the affected territory are opposed to annexation. This bill would provide that an application to annex a contiguous disadvantaged community is not required if the commission finds that a majority of the registered voters within the affected territory are opposed to annexation. This bill contains other related provisions and other current laws.

Position: Sponsor

Subject: CKH General Procedures

CALAFCO Comments: CALAFCO-sponsored annual CKH Omnibus bill.

SB 1498 (Emmerson R) **Local agency formation commission: powers.**

Current Text: Introduced: 2/24/2012

Introduced: 2/24/2012

Status: 4/12/2012-Set for hearing May 2.

2Year	Desk	Policy	Fiscal	Floor	Desk	Policy	Fiscal	Floor	Conf. Conc.	Enrolled	Vetoed	Chaptered
Dead	1st House				2nd House							

Calendar:

5/2/2012 9:30 a.m. - Room 112 SENATE GOVERNANCE AND FINANCE, WOLK, Chair

Summary:

The Cortese-Knox-Hertzberg Local Government Reorganization Act of 2000 authorizes a city or district to provide new or extended services by contract or agreement outside its jurisdictional boundaries if the city or district requests and receives permission to do so from the local agency formation commission in the affected county. Current law authorizes the commission to authorize a city or district to provide new or extended services outside its jurisdictional boundaries but within its sphere of influence in anticipation of a later change of organization, or outside its sphere of influence to respond to an current or impending threat to the public health or safety of the residents of the affected territory, under specified circumstances. This bill would additionally authorize the commission to authorize a city or district to provide new or current services outside its jurisdictional boundaries and outside its sphere of influence to support current or planned uses involving public or private properties, subject to approval at a noticed public hearing, in which certain determinations are made. The bill would also authorize the commission to delegate to its executive officer the approval of certain requests to authorize a city or district to provide new or extended services outside its jurisdictional boundaries or outside its sphere of influence, as described above, under specified circumstances. The bill would also make certain technical, non-substantive, and conforming changes. This bill contains other related provisions and other current laws.

Position: None at this time

Subject: Disadvantaged Communities, Municipal Services

CALAFCO Comments: Sponsored by the League of Cities, this bill does two things: 1) it includes the CALAFCO proposed language on expanding out-of-agency service authority (56133) and 2) removes the annexation requirements from SB 244. Those provisions require a city to apply to annex a disadvantaged unincorporated community if they apply to annex adjacent uninhabited territory. It is anticipated this bill will be completely gutted and amended and changed to Senator Wolk as the author. The anticipated direction is to further amend the definition of a disadvantaged unincorporated community. The League is continuing its efforts to remove or significantly modify the DUC annexation requirements when a city applies for an uninhabited annexation adjacent to a DUC.

SB 1566 (Negrete McLeod D) Vehicle license fees: allocation.

Current Text: Amended: 4/10/2012

Introduced: 2/24/2012

Last Amended: 4/10/2012

Status: 4/20/2012-Set for hearing April 24.

2Year	Desk	Policy	Fiscal	Floor	Desk	Policy	Fiscal	Floor	Conf.	Enrolled	Vetoed	Chaptered
Dead	1st House				2nd House				Conc.			

Calendar:

4/24/2012 1:30 p.m. - John L. Burton Hearing Room (4203) SENATE TRANSPORTATION AND HOUSING, DESAULNIER, Chairman

Summary:

Current law requires that a specified amount of motor vehicle license fees deposited to the credit of the Motor Vehicle License Fee Account in the Transportation Tax Fund be allocated by the Controller, as specified, to the Local Law Enforcement Services Account in the Local Revenue Fund 2011, for allocation to cities, counties, and cities and counties. This bill would instead require, on and after July 1, 2012, that those revenues be distributed first to each city that was incorporated from an unincorporated territory after August 5, 2004, in an amount determined pursuant to a specified formula , second to each city that was incorporated before August 5, 2004, in an amount determined pursuant to a specified formula , and third to the Local Law Enforcement Services Account in the Local Revenue Fund 2011, for allocation to cities, counties, and cities and counties . By authorizing within the Motor Vehicle License Fee Account in the Transportation Tax Fund, a continuously appropriated fund, to be used for a new purpose, the bill would make an appropriation. This bill contains other related provisions and other current laws.

Attachments:

[CALAFCO Support Letter](#)

Position: Support

Subject: Annexation Proceedings, Tax Allocation

CALAFCO Comments: This problem would correct the VLF problem created by last year's budget bill SB 89, and restore VLF to recent incorporations and inhabited annexations.

SB 46 (Correa D) Public officials: compensation disclosure.

Current Text: Amended: 6/2/2011

Introduced: 12/9/2010

Last Amended: 6/2/2011

Status: 8/22/2011-In Assembly. Read first time. Held at Desk.

2Year	Desk	Policy	Fiscal	Floor	Desk	Policy	Fiscal	Floor	Conf. Conc.	Enrolled	Vetoed	Chaptered
Dead	1st House				2nd House							

Summary:

Current provisions of the Political Reform Act of 1974 require certain persons employed by agencies to file annually a written statement of the economic interests they possess during specified periods. The act requires that state agencies promulgate a conflict of interest code that must contain, among other topics, provisions that require designated employees to file statements disclosing reportable investments, business positions, interests in real property, and income. The act requires that every report and statement filed pursuant to the act is a public record and is open to public inspection. This bill would, commencing on January 1, 2013, and continuing until January 1, 2019, require every designated employee and other person, except a candidate for public office, who is required to file a statement of economic interests to include, as a part of that filing, a compensation disclosure form that provides compensation information for the preceding calendar year, as specified. This bill contains other related provisions and other current laws.

Attachments:

[CALAFCO Opposition Letter](#)

Position: Oppose

Subject: LAFCo Administration

CALAFCO Comments: Similar to a 2010 bill, this would require all those who file a Form 700 to also file an extensive compensation and reimbursement disclosure report. Would require all local agencies, including LAFCo, to annually post the forms on their website.

SB 1459 (De León D) Regional and local park districts: cities and counties.

Current Text: Introduced: 2/24/2012

Introduced: 2/24/2012

Status: 3/22/2012-Referred to Com. on RLS.

2Year	Desk	Policy	Fiscal	Floor	Desk	Policy	Fiscal	Floor	Conf. Conc.	Enrolled	Vetoed	Chaptered
Dead	1st House				2nd House							

Summary:

Current law prescribes procedures for the formation of regional park districts, regional park and open-space districts, or regional open-space districts. Current law authorizes 3 or more cities, together with any parcel or parcels of city or county territory, whether in the same or different counties, to organize and incorporate, but requires that all the territory in the proposed district be contiguous. This bill would revise the above authorization to instead only allow district formation for 4 or more cities.

Position: None at this time

Subject: Special District Principle Acts

19 April 2012

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JAMIE SZUTOWICZ
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The Honorable Bob Wieckowski, Chair
Assembly Environmental Safety and Toxic Materials Committee
State Capitol, Room 4162
Sacramento, CA 95814

RE: **AB 2238 (Perea) - LAFCo MSR Studies - OPPOSE (as amended 11 April 2012)**

Dear Assembly Member Wieckowski:

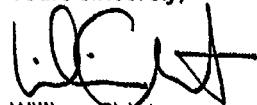
On behalf of the California Association of Local Agency Formation Commissions, I write to respectfully express our opposition to Assembly Bill 2238, which would add significant and unfunded research responsibilities to local agency formation commissions (LAFCo). While we continue to support efforts to improve service delivery to disadvantaged unincorporated communities, the LAFCo-related elements of this bill will result in the expenditure of significant unfunded resources and is not likely to improve any services for disadvantaged communities which could not be achieved under existing law.

We appreciate the willingness of the Author to work with us on our concerns, and the recent amendments help limit the scope for LAFCo. However the bill still includes a new, unfunded research mandate for LAFCo that is unlikely to result in any improvement in services. Nearly half of the thousands of Municipal Service Reviews conducted by LAFCo include water or wastewater agencies. LAFCos do not have the resources or expertise to study alternative delivery options in all of these cases and would require the retention of consultants. With no funding for these studies the costs would be passed on to all counties, cities and special districts. More importantly, LAFCo is powerless to implement recommendations, and - based on our experience - it is highly unlikely the affected agencies would implement them. Cumulatively this new requirement would cost local agencies millions of limited local dollars for studies, and distract LAFCo from its other responsibilities, with little likelihood of implementation.

LAFCo works best when it is able to collaboratively interact with affected agencies to find effective solutions for efficient delivery of services. Current law allows LAFCo to include such a review and recommendations when it is appropriate or likely such recommendations would be implemented. Current law is sufficient to meet the desired goals of this bill, and we therefore respectfully request the bill be amended to eliminate Section 2.

Because AB 2238 creates an unfunded and unproductive requirement for studies, we must regrettably oppose this legislation unless amended. Thank you for your consideration of our comments and we look forward to continuing to work on the bill.

Yours sincerely,



William Chiat,
Executive Director

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www.calafco.org

c: The Honorable Henry Perea
Bob Fredenburg, Chief Consultant
John Kennedy, Consultant, Assembly Republican Caucus

19 March 2012

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Executive Assistant

The Honorable Cameron Smyth
California State Assembly
State Capitol, Room 4098
Sacramento, CA 95814

RE: AB 2624 (Smyth) – LAFCo Eligibility for Grants – SUPPORT

Dear Assembly Member Smyth:

The California Association of Local Agency Formation Commissions is pleased to sponsor and support your bill, Assembly Bill 2624. The bill would make a local agency formation commission (LAFCo) eligible for planning grants from the Strategic Growth Council.

In August, 2008 SB 375 (Steinberg) was signed into law. A component of the law ties the preparation of Regional Transportation Plans and sustainable communities strategies to the LAFCo Municipal Service Reviews and adopted Spheres of Influence for cities and special districts. In 2009 that relationship was further strengthened when SB 215 (Wiggins) was signed into law which requires LAFCo to consider the adopted Regional Transportation Plans when reviewing applications. Principles behind both of these laws is to make more effective use of the Municipal Service Reviews (MSRs) prepared by LAFCos, and to avoid a duplication of effort between LAFCo and the regional transportation agencies in the preparation of the plans.

Under current law the cost of the MSR preparation is paid for by the cities, districts and county within each LAFCo. The limited availability of local funds can restrict the level of detail in an MSR. By making LAFCo eligible to apply for Strategic Growth Council grants, LAFCo would be able to prepare more comprehensive and data-rich MSRs and sphere of influence studies in collaboration with the regional transportation agency. This would reduce duplication of effort and provide the transportation agencies with more complete information regarding municipal services and growth capacity for the preparation of the sustainable communities strategies.

Because AB 2624 provides a resource for preparing more comprehensive MSRs to better inform both LAFCo and regional transportation agency decisions, CALAFCO supports this bill. Thank you for authoring this important legislation.

Yours sincerely,



William Chiat,
Executive Director

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c: Members, Assembly Local Government Committee
Debbie Michael, Consultant, Assembly Local Government Committee
William Weber, Consultant, Assembly Republican Caucus

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Executive Assistant

2 April 2012

Senator Gloria Negrete McLeod
California State Senate
State Capital Room 4061
Sacramento, CA 95814

Subject: **Support of SB 1566**

Dear Senator Negrete McLeod:

The California Association of Local Agency Formation Commissions is pleased to support SB 1566 authored by yourself and Senator Emmerson. The bill reinstates allocations of motor vehicle license fees (VLF) to recently incorporated cities and cities which annexed inhabited areas, consistent with the allocation formula those communities relied upon when making the decision to incorporate or annex the affected territory.

The CALAFCO Board believes the VLF gap created by SB 89, one of the 2011 budget bills, created a financial disincentive for future city incorporations and annexations of inhabited territory. Further, it created severe fiscal penalties for those communities which chose to annex inhabited territories, particularly unincorporated islands. In several previous legislative acts the Legislature had directed LAFCos to work with cities to annex unincorporated inhabited islands. SB 89 also created severe penalties for those communities which have recently voted to incorporate themselves. SB 1566 eliminates these disincentives and penalties, and avoids the likely disincorporation or bankruptcies of some or all of the cities incorporated since 2005.

The availability of an equitable distribution of VLF funds to newly incorporated cities and city annexations of inhabited territory is vital to assure the financial feasibility of these actions. Without VLF funds the ability to achieve cityhood or the annexation of islands and disadvantaged unincorporated communities is all but impossible. Reinstating VLF revenues for incorporations and annexations is consistent with the CALAFCO legislative policy of providing communities with local governance and efficient service delivery options, including the ability to incorporate or annex.

Because SB 1566 reinstates a critical funding component to incorporations and inhabited annexations, CALAFCO supports this bill.

Thank you to you and Senator Emmerson for carrying this important legislation.

Sincerely Yours,



William Chiat
Executive Director

c: Senator Bill Emmerson
Senator Lois Wolk, Chair, Senate Local Governance and Finance Committee
Samantha Lui, Consultant, Senate Local Governance and Finance Committee
Ryan Eisberg, Consultant, Senate Republican Caucus

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