

SAN MATEO



LOCAL AGENCY FORMATION COMMISSION

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July 9, 2014

To: LAFCo Commissioners

From: Martha Poyatos, Executive Officer

Subject: Legislative Report

Attached is the CALAFCO Legislative Committee report prepared for the July 11, 2014 CALAFCO board meeting. The report includes a summary of CALAFCO positions on bills of interest to LAFCOs, a list of all CALAFCO-tracked bills, and copies of CALAFCO letters of support or concern. Staff will monitor the board meeting by conference call and update the Commission at the July 16, 2014 LAFCo meeting with any new information that was discussed about pending bills.

BOARD OF DIRECTORS MEETING STAFF REPORT

11 July 2014

Agenda Item No. 6 CALAFCO Legislative Committee Report

Prepared By: Pamela Miller, Executive Director and Legislative Committee Chair

Date: 11 July 2014

RECOMMENDATION

1. Receive and file report.

DISCUSSION

Since the last Board meeting the CALAFCO Legislative Committee met once via conference call on 9 May, 2014 (minutes of the meeting are attached to this report as attachment (a)). The next scheduled meeting of the committee is a conference call on 25 July, 2014. The committee has been very responsive to requests from feedback on bills that have been gut and amended.

The Legislature is entering its final stages for the 2013-14 session. Since this is the end of the session and the budget is completed, legislative work wraps up quickly. As of this writing, the legislature is wrapping up its final days before the summer recess. The legislature is in recess from July 3 through August 3. Upon reconvening, they have a few short weeks for fiscal committees to hear bills before they get sent to the Floor. The last day for policy committees to hear bills was June 27, and the last day for fiscal committees to send bills to the Floor for consideration is August 15. The last day to amend bills on the Floor is August 22, and for each house to pass bills is August 31.

The legislative session has turned out to be a busy one CALAFCO. One bill we supported has been signed by the Governor, and our annual Omnibus bill is currently being presented to the Governor for his signature. A number of bills went through the gut and amend process which ultimately resulted in impacts to LAFCOs. Additionally there are a number of bills that have been tracked by CALAFCO that have gone through several amendments. Several bills we were concerned about earlier in the year have either died or were amended to eliminate our concerns. One bill we supported appears headed to death in the suspense file of Assembly Appropriations. A brief summary of the key bills is included below. A complete list of all CALAFCO bills tracked is available in the members section of the CALAFCO website, and is attached to this report as attachment (b). A verbal update on any changes from this time of this writing will be provided during the Board meeting.

[AB 1521](#) (Fox) CALAFCO Support

Passed Senate Governance & Finance Committee on 6/25 and now in Senate Appropriations. Hearing date not yet scheduled.

[AB 1527](#) (Perea) CALAFCO Support

This bill has gone through a number of amendments this year, the most recent being a gut and amend on June 26. Our position began as Watch, then turned to one of great concern after an unacceptable

set of amendments was introduced. Staff was directed to work with the author to remove those amendments. At one point during the process, our position changed to Support if Amended. After working with the author's office for several months, all of the concerns were removed, after which our position was changed to Support, pursuant to the Legislative Committee's directive. However, the bill ran into some opposition in the Senate Environmental Quality Committee, and upon agreement by the Chair of that committee and the author, the bill was gut and amended resulting in a watering down of the intent. In its current form, the bill removes the provision to have LAFCoS be added to the list of eligible entities to receive SGC grants. While the end result for LAFCoS is still good in that it requires the State Water Resources Control Board to consider Municipal Service Reviews conducted by LAFCo when considering granting funding for consolidation projects, we did lose some ground with the recent set of amendments.

With the author's acceptance of those amendments (without the amendments, the bill would have died in that committee), the bill got a waiver from having to be heard in the Senate Natural Resources and Water Committee and is now in Senate Appropriations.

AB 1739 (Dickinson) CALAFCO Watch with Concerns (letter submitted)

The bill passed the Senate Natural Resources & Water committee on 6/24 and is now in Senate Appropriations. This hearing was not as lengthy as the one in the morning on SB 1168 (Pavley), (see notes below) simply because they did not want to hear the same things (although the committee members were different). However, both bills were presented by both authors (as co-authors) and testimony from the same cast of characters occurred for both. The committee staff analysis was very thorough, particularly in identifying a comprehensive list of issues still needing to be addressed. The good news is that almost all of our concerns are on that list.

On three occasions CALAFCO has expressed concerns relating to the LAFCo language in the bill, which calls for LAFCo to expedite the formation of a new groundwater management agency. The issue with the writing of the bill's amendments is that ACWA is using a team of attorneys to craft the language and it is based on their groundwater management task force report recommendations. Details of our concerns are outlined in the letter which is included as attachment (c).

On June 30, OPR published a 77 page side-by-side comparison of AB 1739, SB 1168, and the Governor's proposal. This document was posted on the CALAFCO website in the Legislative Committee section, and the members of the committee were advised. There are stakeholder meetings scheduled for July 2 and July 9 to discuss amendments, and CALAFCO will be represented at those meetings, and an invitation was sent to the members of the Legislative Committee to join staff at the meetings if they wished. Expect significant amendments in the future on this and SB 1168.

SB 1168 (Pavley) CALAFCO Watch with Concerns (letter sent)

The bill passed the Assembly Water, Parks & Wildlife committee on 6/24 and is now in Assembly Appropriations. It was presented by both Pavley & Dickinson (now co-authors of each other's bills), and in their presentation they were clear that there are a large number of issues that need to be worked through. All of those issues were thoroughly identified in the committee's staff analysis. The authors stated their intention was to continue to work jointly and conduct stakeholder outreach meetings during the summer recess to be able to come to agreement on the appropriate amendments. Then they plan to combine the two bills into a single bill sometime in August. CALAFCO's letter of concern is included as attachment (d).

As a matter of policy, your Board may wish to consider what role, if any, LAFCo should have in the formation and or governance of groundwater management agencies. At the July 25th Leg Committee

meeting, the committee will be asked to reconsider the Watch position for both AB 1739 and SB 1168, depending on the outcome of the July meetings and status of the pending amendments.

SB 69 (Roth) CALAFCO Support

Passed Assembly Local Government Committee on 6/25 now in Assembly Appropriations. Hearing date not yet scheduled.

SB 614 (Wolk) CALAFCO Watch with Concerns (letter submitted)

This is a gut and amend bill proposed by the League to use TIF dollars to fund infrastructure upgrades to DUCs once they are annexed. CALAFCO was not consulted by the League until after they secured Senator Wolk as the author and got proposed language from Leg Counsel. The bill was gut/amended on 6/16 then heard in the Assembly Local Government Committee 6/25 and is now on the Assembly floor. CALAFCO staff has met several times with the Senator's staff discuss concerns and proposed amendments that have been offered. The legislative committee has been very responsive in providing input and feedback, especially given the short turn-around necessary for the gut and amend process.

The intent of the bill is to provide an incentive to cities to annex DUCs by creating an option for a funding mechanism using a property tax sharing agreement by affected entities (to share the 1% tax dollars) and ensuing tax increment. There are no new taxes levied with the bill, and the proposed language that amends the Revenue & Tax Code Section 99 came from IFD law.

The author agreed to take our first set of proposed amendments, with one exception which was to have the Senate Governance & Finance Committee convene a committee to review R&T 99 after one year. This was our attempt to get them to agree to take up the charge we have been looking for someone to lead relating to R&T 99. Unfortunately we did not get agreement. A second set of amendments was presented to the author's staff, and CALAFCO staff met with them on June 23. This set of amendments was also provided to the League who indicated they are willing to accept them. Senator Wolk and her staff are considering the amendments. There are two specific areas in which there are concerns that the amendments address. They are (1) the long-term financial sustainability of such a district, requiring a full financial feasibility study be included with the application (requiring that upfront rather than having the LAFCo have to ask for it later) and (2) the applicant needs to identify and request the change or org/reorg, rather than LAFCo initiating the amendment of the application (as is currently written).

The Assembly Local Government Committee enthusiastically embraced the bill. The League and CSDA have come out in support of the bill and CSAC intends to take a soft support position. CALAFCO staff testified at the hearing regarding our concerns. The Senator's staff indicated they will consider the amendments in July over recess. CALAFCO staff will continue to discuss the bill with the author's staff. CALAFCO's letter of concern is included as attachment (e).

ATTACHMENT

- 6a - Draft minutes of the May 9, 2014 Legislative Committee meeting.
- 6b - Status of CALAFCO Bills tracked as of July 1, 2014
- 6c - AB 1739 (Dickinson) Letter of Concern
- 6d - SB 1168 (Pavley) Letter of Concern
- 6e - SB 614 (Wolk) Letter of Concern
- 6f - AB 2762 (Omnibus) Letter to Governor requesting signature



California Association of Local Agency Formation Commissions

**CALAFCO Legislative Committee
DRAFT SUMMARY MEETING MINUTES**

Date: Friday 9 May, 2014

Location: Conference Call

Participants: Clark Alsop (Counsel), **Robert Bergman**, Kris Berry, Marjorie Blom, Bob Braitman, David Church, Harry Ehrlich, Paul Hood, **Juliana Inman**, **Gay Jones**, **John Leopold**, Steve Lucas (Vice Chair), **Michael McGill**, Pamela Miller (Chair), Paul Novak, Neelima Palacherla, Mona Palacios, Paula de Sousa, Keene Simonds, George Spiliotis, **Josh Susman**, and Lou Ann Texeira.

Others: Ben Legbandt, Orange LAFCo; Don Lockhart, Sacramento LAFCo; Sam Martinez, San Bernardino LAFCo.

Recorder: Pamela Miller

1. Welcome, Roll Call, Review Agenda

A quorum was determined to be present at 9:32 a.m. and the meeting was called to order. Agenda changes were as follows: AB 1995 (Levine) and AB 1739 (Dickinson) were added to item 5.

2. Approval of minutes of the March 21, 2014 meeting

***MOTION:** Paul Hood motioned to approve the minutes. The motion was seconded by Robert Bergman and passed unanimously.*

3. Update on Current CALAFCO Tracked Legislation

SB 1122 (Pavley) – amended on Senate floor and sent back to Senate Approps. All other bills being tracked that are not noted below remain the same since the written report in the packet dated May 5.

4. Discussion of Specific Bills

a. AB 1521 (Fox) - Local Gov't Finance: VLF

Passed Assembly Local Government Committee (ALGC) and now in Appropriations with no hearing date set.

b. AB 1527 (Perea) – Public Water Agency Consolidations

***MOTION:** Harry Ehrlich motioned to change our position from Oppose Unless Amended to Support If Amended. The motion was seconded by Mike McGill and passed unanimously.*

***ACTION:** Pamela to send the committee the requested amendments and send letter to author.*

c. **AB 1729** (Logue) – Williamson Act
In Appropriation awaiting hearing date.

d. **AB 1961** (Eggman) - Sustainable Farmland Strategies
MOTION: Mike McGill motioned to maintain our Watch position after considering all amendments and current location of the bill. The motion was seconded by George Spiliotis and passed unanimously.

e. **AB 2156** (Achadjian) – JPAs and LAFCo Studies
In Senate Governance & Finance Committee set for a May 14 hearing.

f. **AB 2762** (Local Gov't Committee) – CKH Omnibus Bill
Pamela reported the bill was amended on May 6 to address several minor typos and is set for hearing in Appropriations on May 14. Items 57075 and 57075.5 still are not included in the bill and CALAFCO continues to work with ALGC staff on their inclusion. Given the timing it is uncertain if those will make it into the bill this year, or have to wait until next year. No action taken.

g. **SB 69** (Roth) – Local Gov't Finance: VLF
Amended on May 6 to add in the coverage of cities incorporated since 2004, making them whole and to address future incorporations. There is a possibility that the bill may be amended again to address only the 4 cities in Riverside and not address future incorporations.

5. **Review of other Legislation of Interest**

a. **AB 2455** (Williams) - Santa Rita Hills CSD
Paul Hood reported bill passed Assembly now in Senate awaiting committee assignment.

b. **AB 2480** (Yamada) - Local Gov't Finance: Annexations
Bill being dropped by author – no action taken.

c. **AB 2453** (Achadjian) – Paso Robles Water Basin District
David Church reported bill passed ALGC this week and is now on Assembly floor.

d. **AB 1995** (Levine)
This bill is specific to Marin, and added at the request of Keene Simonds. Passed Assembly and is in Senate awaiting committee assignment.
MOTION: Harry Ehrlich motioned for CALAFCO to take a Watch position for now, with the Executive Director having discretion to change that position in the future based on the outcome of amendment negotiations. The motion was seconded by Keene Simonds and passed unanimously.
ACTION: Pamela and Keene to create a strategy in working with the author's office on the appropriate amendments that would not bypass the LAFCo latent power activation process.

e. **AB 1739** (Dickinson)

***MOTION:** Harry Ehrlich motioned for CALAFCO to take a Watch position and should the bill move out of Assembly Appropriations, for CALAFCO to work with stakeholders (i.e. ACWA, CSDA) on amendments that were acceptable to all. The motion was seconded by John Leopold and passed unanimously.*

6. **Committee Bills, Projects and Reports**

a. Disincorporations Working Group

George Spiliotis indicated there was nothing to report.

b. JPA Working Group

Keene Simonds indicated there was nothing to report.

c. Protest Provisions Phase II

Harry Ehrlich reported San Diego LAFCo is working on a strategy to approach this project and will hopefully have something to report at the next meeting.

7. **Action Items**

a. Request by Gay Jones to consider amendments to Gov't Code Section 56428 for next year.

Committee members provided member Jones feedback on the proposed language change, offering as an alternative: "...prior to the conclusion of the ~~consideration by the commission hearing.~~"

The committee concurred this was something to look at later in the year for 2015 legislation, and that data gathering through the Executive Officer list serve would be needed. It was also suggested this section be included as part of the December CALAFCO U course on legal interpretations of C-K-H, given the various legal opinions on the interpretation of the current language.

8. **Items for next meeting**

None.

Adjournment to July 25, 2014 via conference call

The meeting was adjourned at 11:00 a.m.

**CALAFCO List of Current Tracked Bills
7/1/2014**

Priority 1

[AB 453](#)

(Mullin D) Sustainable communities.

Current Text: Amended: 7/3/2013 [pdf](#) [html](#)

Introduced: 2/19/2013

Last Amend: 7/3/2013

Status: 8/30/2013-Failed Deadline pursuant to Rule 61(a)(11). (Last location was APPR. SUSPENSE FILE on 8/12/2013)

Location: 8/30/2013-S. 2 YEAR

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

Summary: The Strategic Growth 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.

Position
Watch

Subject
Sustainable Community Plans

CALAFCO Comments: This would allow LAFcos to apply directly for grants that support the preparation of sustainable community strategies and other planning efforts. CALAFCO has removed its support of the bill given the nature of the amendment and the potential impact to LAFcos.

[AB 678](#)

(Gordon D) Health care districts: community health needs assessment.

Current Text: Amended: 4/15/2013 [pdf](#) [html](#)

Introduced: 2/21/2013

Last Amend: 4/15/2013

Status: 8/30/2013-In committee: Held under submission.

Location: 8/30/2013-S. 2 YEAR

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

Summary: Would require that the health care district conduct an assessment, every 5 years, of the community's health needs and provide opportunities for public input. Commencing January 1, 2019, the bill would require the annual reports to address the progress made in meeting the community's health needs in the context of the assessment. This bill contains other related provisions and other existing laws.

Position
Support

Subject
LAFCo Administration, Service
Reviews/Spheres

CALAFCO Comments: This bill requires Health Care Districts that do not operate their own hospital facilities to create every 5 years, an assessment of the community health needs with public input. The bill requires LAFcos to include in a Municipal Service Review (MSR) the Health Care District's 5-year assessment.

[AB 1521](#)

(Fox D) Local government finance: property tax revenue allocations: vehicle license fee adjustments.

Current Text: Amended: 6/17/2014 [pdf](#) [html](#)

Introduced: 1/16/2014

Last Amend: 6/17/2014

Status: 6/25/2014-From committee: Do pass and re-refer to Com. on APPR. (Ayes 7. Noes 0.) (June 25). Re-referred to Com. on APPR.

Location: 6/25/2014-S. APPR.

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

Summary: Beginning with the 2004-05 fiscal year, current law requires that each city, county, and city and county receive additional property tax revenues in the form of a vehicle license fee adjustment amount, as defined, from a vehicle license fee property tax compensation fund that exists in each county treasury. Current law requires that these additional allocations be funded from ad valorem property tax revenues otherwise required to be allocated to educational entities. This bill would modify these reduction and transfer provisions, for the 2014-15 fiscal year and for each fiscal year thereafter, by providing for a vehicle license fee adjustment amount calculated on the basis of changes in assessed valuation.

Position *Subject*
Support *Financial Viability of Agencies,
Tax Allocation*

AB 1527

(Perea D) Public water systems: Safe Drinking Water State Revolving Fund.

Current Text: Amended: 6/26/2014 [pdf](#) [html](#)

Introduced: 1/17/2014

Last Amend: 6/26/2014

Status: 6/30/2014-Withdrawn from committee. Re-referred to Com. on APPR.

Location: 6/30/2014-S. APPR.

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

Summary: Current law, operative on July 1, 2014, and repealed as of January 1 of the next calendar year occurring after the State Water Resources Control Board provides notice to the Legislature and the Secretary of State and posts notice on its Internet Web site that the board has adopted a policy handbook, requires the board to establish a priority list of proposed projects to be considered for funding. This bill would require the board to give priority to funding the consolidation of public water systems based upon a service review developed by a local agency formation commission.

Position *Subject*
Support *Disadvantaged Communities, Municipal
Services, Service Reviews/Spheres,
Sustainable Community Plans*

CALAFCO Comments: As amended, this bill requires the State Water Resources Control Board to consider LAFCo studies as part of their funding and alternative services considerations, and requires the Board to give priority funding to consolidations where appropriate based on those MSRs.

The bill has undergone a number of substantial amendments, consequently eliminating the provision that LAFCos be added to the list of eligible entities for receiving grant funding from the Strategic Growth Council.

AB 1729

(Logue R) Local government: agricultural land: subvention payments.

Current Text: Amended: 3/20/2014 [pdf](#) [html](#)

Introduced: 2/14/2014

Last Amend: 3/20/2014

Status: 3/24/2014-Re-referred to Com. on APPR.

Location: 3/24/2014-A. APPR.

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

Summary: Would appropriate \$40,000,000 to the Controller from the General Fund for the 2014-15 fiscal year to make subvention payments to counties to reimburse counties for property tax revenues not received as a result of these contracts. The bill would make legislative findings and declarations related to the preservation of agricultural land.

Position *Subject*
Support *Ag Preservation - Williamson*

CALAFCO Comments: As amended, the bill will appropriate \$40 million from the General Fund in fiscal year 2014/2015 for subvention payments to counties for Williamson Act contracts.

AB 1739

(Dickinson D) Groundwater management.

Current Text: Amended: 6/17/2014 [pdf](#) [html](#)

Introduced: 2/14/2014

Last Amend: 6/17/2014

Status: 6/25/2014-From committee: Do pass and re-refer to Com. on APPR. (Ayes 7. Noes 1.) (June 24). Re-referred to Com. on APPR.

Location: 6/25/2014-S. APPR.

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

Summary: Would require all groundwater basins designated as high-or medium-priority basins by the Department of Water Resources to be managed under a groundwater sustainability plan or coordinated groundwater sustainability plans, with specified exceptions. This bill would require a groundwater sustainability agency to certify that its plan complies with the requirements of this bill no later than January 31, 2020, and every 5 years thereafter.

Position
Watch

Subject
LAFCo Administration, Water

CALAFCO Comments: As currently written, this bill requires LAFCos to expedite all applications for the formation or reorganization of groundwater management agencies, requiring the process be completed within 6 months of the application filing. Further the bill requires LAFCos, in the case of a County directive for annexation of territory into a groundwater management agency, to complete the annexation by January 1, 2017. CALAFCO has a number of concerns with the bill all of which are outlined in the letter of concern submitted June 24, 2014.

AB 1961

(Eggman D) Land use: planning: sustainable farmland strategy.

Current Text: Amended: 4/22/2014 [pdf](#) [html](#)

Introduced: 2/19/2014

Last Amend: 4/22/2014

Status: 5/23/2014-Failed Deadline pursuant to Rule 61(b)(8). (Last location was A. APPR. SUSPENSE FILE on 5/23/2014)

Location: 5/23/2014-A. DEAD

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

Summary: Would require each county to develop, on or before January 2, 2018, a sustainable farmland strategy. The bill would require the sustainable farmland strategy to include, among other things, a map and inventory of all agriculturally zoned land within the county, a description of the goals, strategies, and related policies and ordinances, to retain agriculturally zoned land where practical and mitigate the loss of agriculturally zoned land to nonagricultural uses or zones, and a page on the county's Internet Web site with the relevant documentation for the goals, strategies, and related policies and ordinances, as specified.

Position
Watch

Subject
Ag/Open Space Protection, CKH General Procedures, LAFCo Administration

CALAFCO Comments: As amended, the bill requires counties with 4% or more of its land zoned as agricultural to create a sustainable farmland strategy (sfs) effective January 1, 2018, in consultation with cities and LAFCo, and to update the sfs as necessary. The bill also requires OPR to create best practices that support ag land retention and mitigation. The bill creates an unfunded mandate for counties.

AB 2156

(Achadjian R) Local agency formation commissions: studies.

Current Text: Chaptered: 6/4/2014 [pdf](#) [html](#)

Introduced: 2/20/2014

Last Amend: 3/24/2014

Status: 6/4/2014-Chaptered by Secretary of State - Chapter 21, Statutes of 2014.

Location: 6/4/2014-A. CHAPTERED

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

Summary: Would include joint powers agencies and joint powers authorities among the entities from which the local agency formation commission is authorized to request land use information, studies, and plans, for purposes of conducting specified studies, and also would include joint powers agreements in the list of items the commission may request in conducting those studies. The bill would specifically define "joint powers agency" and "joint powers authority" for purposes of the Cortese-Knox-Hertzberg Local Government Reorganization Act of 2000.

Position
Support

Subject
CKH General Procedures, LAFCo Administration, Municipal Services, Service Reviews/Spheres

CALAFCO Comments: As amended, the bill will specifically define "joint powers agency" and "joint powers authority" for purposes of the Cortese-Knox-Hertzberg Local Government Reorganization Act of 2000 (C-K-H), and include joint powers agencies and joint powers authorities (JPAs) among the entities from which a LAFCo is authorized to request information in order to conduct required studies.

[AB 2762](#)

(Committee on Local Government) Local government.
 Current Text: Enrolled: 6/30/2014 [pdf](#) [html](#)
 Introduced: 3/24/2014
 Last Amend: 5/6/2014
 Status: 6/26/2014-In Assembly. Ordered to Engrossing and Enrolling.
 Location: 6/26/2014-A. ENROLLMENT

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

Summary: The Cortese-Knox-Hertzberg Local Government Reorganization Act of 2000 does not apply to pending proceedings for a change or organization or reorganization for which the application was accepted for filing prior to January 1, 2001, as specified. The act authorizes these pending proceedings to be continued and completed under, and in accordance with, the law under which the proceedings were commenced. This bill would repeal those provisions relating to pending proceedings for a change or organization or reorganization for which an application was accepted for filing prior to January 1, 2001, and make other conforming changes.

Position Subject
 Sponsor CKH General Procedures

[SB 56](#)

(Roth D) Local government finance: property tax revenue allocation: vehicle license fee adjustments.
 Current Text: Amended: 6/11/2013 [pdf](#) [html](#)
 Introduced: 1/7/2013
 Last Amend: 6/11/2013
 Status: 2/3/2014-Returned to Secretary of Senate pursuant to Joint Rule 56.
 Location: 2/3/2014-S. DEAD

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

Summary: Beginning with the 2004-05 fiscal year and for each fiscal year thereafter, existing law requires that each city, county, and city and county receive additional property tax revenues in the form of a vehicle license fee adjustment amount, as defined, from a Vehicle License Fee Property Tax Compensation Fund that exists in each county treasury. Current law requires that these additional allocations be funded from ad valorem property tax revenues otherwise required to be allocated to educational entities. This bill would modify these reduction and transfer provisions, for the 2013-14 fiscal year and for each fiscal year thereafter, by providing for a vehicle license fee adjustment amount calculated on the basis of changes in assessed valuation. This bill contains other related provisions and other existing laws.

Position Subject
 Support Financial Viability of Agencies,
 Tax Allocation

CALAFCO Comments: This bill reinstates revenues through ERAF (backfilled by the state general Fund) for cities incorporating after 2005 and annexations of inhabited territories.

[SB 69](#)

(Roth D) Local government finance: property tax revenue allocation: vehicle license fee adjustments.
 Current Text: Amended: 6/16/2014 [pdf](#) [html](#)
 Introduced: 1/10/2013
 Last Amend: 6/16/2014
 Status: 6/26/2014-From committee: Do pass and re-refer to Com. on APPR. (Ayes 9. Noes 0.) (June 25). Re-referred to Com. on APPR.
 Location: 6/26/2014-A. APPR.

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

Summary: Current property tax law requires the county auditor, in each fiscal year, to allocate property tax revenue to local jurisdictions in accordance with specified formulas and procedures, and generally provides that each jurisdiction shall be allocated an amount equal to the total of the amount of revenue allocated to that jurisdiction in the prior fiscal year, subject to certain modifications, and that jurisdiction's portion of the annual tax increment, as defined. This bill would modify these reduction and transfer provisions for a city incorporating after January 1, 2004 for the 2014-15 fiscal year and for each fiscal year thereafter, by providing for a vehicle license fee adjustment amount calculated on the

basis of changes in assessed valuation.

Position
Support

Subject
Tax Allocation

CALAFCO Comments: In it's current form, the bill calls for reinstatement of the VLF through ERAF for cities that incorporated between January 1, 2004 and January 1, 2012.

SB 614

(Wolk D) Local government: jurisdictional changes: infrastructure financing.

Current Text: Amended: 6/16/2014 [pdf](#) [html](#)

Introduced: 2/22/2013

Last Amend: 6/16/2014

Status: 6/30/2014-Read second time. Ordered to third reading.

Location: 6/30/2014-A. THIRD READING

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

Calendar: 7/3/2014 #99 ASSEMBLY SENATE THIRD READING FILE

Summary: The Cortese-Knox-Hertzberg Local Government Reorganization Act of 2000 requires a local agency or school district that initiates proceedings for a change of local government organization or reorganization by submitting a resolution of application to a local agency formation commission to also submit a plan for providing services within the affected territory, as specified. This bill would instead require, if a proposal for a change of organization or reorganization is submitted to a local commission, that the applicant submit a plan for providing services within the affected territory.

Position
Watch

Subject
Annexation Proceedings, CKH General Procedures, Disadvantaged Communities

CALAFCO Comments: As amended, the bill is intended to provide an incentive to cities to annex disadvantaged unincorporated communities by creating an option for a funding mechanism using a property tax sharing agreement by affected entities (to share the 1% tax dollars) and ensuing tax increment. A special district would be created to act as the vehicle for that funding. The bill allows LAFCo to consider, as part of the application, the formation of a new district or the reorganization of an existing district, but only if all of the affected agencies are in agreement.

CALAFCO has a number of concerns with the bill including the long-term financial sustainability of the district, as well as the application requirements and process.

SB 1168

(Pavley D) Groundwater management.

Current Text: Amended: 6/17/2014 [pdf](#) [html](#)

Introduced: 2/20/2014

Last Amend: 6/17/2014

Status: 6/24/2014-From committee: Do pass and re-refer to Com. on APPR. (Ayes 9. Noes 4.) (June 24). Re-referred to Com. on APPR.

Location: 6/24/2014-A. APPR.

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

Summary: Current law requires the Department of Water Resources to identify the extent of monitoring of groundwater elevations that is being undertaken within each basin or subbasin and prioritize groundwater basins and subbasins. This bill would require the department, pursuant to these provisions, to categorize each basin and subbasin as either high priority, medium priority, low priority, or very low priority. The bill would require the Department of Fish and Wildlife, in collaboration with the department, to identify those basins and subbasins where species and ecosystems are vulnerable to existing or future groundwater conditions.

Position
Watch

Subject
Water

CALAFCO Comments: As amended, the bill calls for the formation of new groundwater management agencies by existing local agencies through either a JPA, MOA, or some other legal agreement. This process completely bypasses the LAFCo process. Further, the bill requires the Department of Water Resources to establish procedures for local and groundwater management agencies to establish and modify basin and subbasin boundaries. There are a large number of other requirements of the bill, and CALAFCO has concerns relating to the two provisions above as well as a number of other concerns as detailed in the letter dated June 26, 2014.

Priority 3

[AB 543](#)

(Campos D) California Environmental Quality Act: translation.

Current Text: Amended: 6/24/2014 [pdf](#) [html](#)

Introduced: 2/20/2013

Last Amend: 6/24/2014

Status: 6/24/2014-Read second time and amended. Re-referred to Com. on APPR.

Location: 6/24/2014-S. APPR.

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

Summary: CEQA requires the Office of Planning and Research to prepare and develop guidelines for the implementation of CEQA and the Secretary of the Natural Resources Agency to certify and adopt those guidelines. This bill would require the office, on or before July 1, 2016, to prepare and develop recommended amendments to the guidelines and the secretary, on or before January 1, 2017, to certify and adopt those amendments to the guidelines to establish criteria for a lead agency to assess the need for translating those notices into non-English languages, as specified.

Position
Watch

Subject
CEQA

CALAFCO Comments: As amended, requires OPR to establish criteria for a lead agency to assess the need for translating those notices into non-English languages, as specified by July 1, 2016.

[AB 642](#)

(Rendon D) Publication: newspaper of general circulation: Internet Web site.

Current Text: Introduced: 2/20/2013 [pdf](#) [html](#)

Introduced: 2/20/2013

Status: 1/24/2014-Failed Deadline pursuant to Rule 61(b)(2). (Last location was JUD. on 3/11/2013)

Location: 1/24/2014-A. DEAD

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

Summary: Current law requires that various types of notices are provided in a newspaper of general circulation. Current law requires a newspaper of general circulation to meet certain criteria, including, among others, that it be published and have a substantial distribution to paid subscribers in the city, district, or judicial district in which it is seeking adjudication. This bill would provide that a newspaper that is available on an Internet Web site may also qualify as a newspaper of general circulation, provided that newspaper meets certain criteria.

Position
Watch

Subject
LAFCo
Administration

CALAFCO Comments: Allows for posting of agendas and meeting material on newspaper websites.

[AB 677](#)

(Fox D) Local government finance: property tax revenue allocation: vehicle license fee adjustments.

Current Text: Amended: 1/6/2014 [pdf](#) [html](#)

Introduced: 2/21/2013

Last Amend: 1/6/2014

Status: 1/17/2014-Failed Deadline pursuant to Rule 61(b)(1). (Last location was L. GOV. on 1/7/2014)

Location: 1/17/2014-A. DEAD

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

Summary: Would modify specified reduction and transfer provisions, for the 2013-14 fiscal year and for each fiscal year thereafter, by providing for a vehicle license fee adjustment amount calculated on the basis of changes in assessed valuation. This bill would also modify these reduction and transfer provisions, for the 2013-14 fiscal year and for each fiscal year thereafter, by providing for a vehicle license fee adjustment amount for certain cities incorporating after a specified date, as provided. This bill contains other related provisions and other existing laws.

Position
Watch

Subject
Financial Viability
of Agencies, Tax
Allocation

[AB 1593](#)

(Dahle R) Public cemetery districts: Auburn Public Cemetery District.

Current Text: Introduced: 2/3/2014 [pdf](#) [html](#)

Introduced: 2/3/2014

Status: 5/9/2014-Failed Deadline pursuant to Rule 61(b)(6). (Last location was L. GOV. on 2/14/2014)

Location: 5/9/2014-A. DEAD

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

Summary: Would authorize the Auburn Public Cemetery District in Placer County to use their cemeteries for up to a total of 400 interments each, not to exceed 40 interments each per calendar year, to inter nonresidents and nonproperty taxpayers, if specified conditions are met. This bill contains other related provisions.

*Position Subject
Watch Other*

[AB 1897](#)

(Hernández, Roger D) Labor contracting: client liability.

Current Text: Amended: 5/28/2014 [pdf](#) [html](#)

Introduced: 2/19/2014

Last Amend: 5/28/2014

Status: 6/30/2014-From committee: Do pass as amended and re-refer to Com. on APPR. (Ayes 5. Noes 2.) (June 24).

Location: 6/30/2014-S. SECOND READING

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

Calendar: 7/3/2014 #108 SENATE ASSEMBLY BILLS-SECOND READING FILE

Summary: Would require a client employer to share with a labor contractor all civil legal responsibility and civil liability for the payment of wages, the failure to report and pay all required employer contributions, worker contributions, and personal income tax withholdings, and the failure to obtain valid workers' compensation coverage. The bill would define a client employer as a business entity that obtains or is provided workers to perform labor or services within the usual course of business from a labor contractor, except as specified.

*Position Subject
Watch LAFCo
Administration*

[AB 1995](#)

(Levine D) Community service districts: covenants, conditions, and restrictions: enforcement.

Current Text: Amended: 6/30/2014 [pdf](#) [html](#)

Introduced: 2/20/2014

Last Amend: 6/30/2014

Status: 6/30/2014-Read second time and amended. Ordered to third reading.

Location: 6/30/2014-S. THIRD READING

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

Calendar: 7/3/2014 #294 SENATE ASSEMBLY BILLS-THIRD READING FILE

Summary: Would authorize the Bel Marin Keys Community Services District to enforce all or part of the covenants, conditions, and restrictions for a tract within that district, and to assume the duties of an architectural control committee for that tract, as provided. This bill contains other related provisions.

*Position Subject
Watch LAFCo
Administration,
Special District
Powers*

[AB 2453](#)

(Achadjian R) Paso Robles Basin Water District.

Current Text: Amended: 3/28/2014 [pdf](#) [html](#)

Introduced: 2/21/2014

Last Amend: 3/28/2014

Status: 6/24/2014-Do pass as amended.

Location: 6/24/2014-S. N.R. & W.

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

Summary: Would set forth the composition of, and method of election by landowners and registered voters for, the board of directors for the Paso Robles Basin Water District, the boundaries of which shall be established and may be modified by the San Luis Obispo County Local Agency Formation Commission.

Position
Watch

Subject
Water

AB 2455

(Williams D) The Santa Rita Hills Community Services District.

Current Text: Amended: 6/17/2014 [pdf](#) [html](#)

Introduced: 2/21/2014

Last Amend: 6/17/2014

Status: 6/17/2014-Read second time and amended. Ordered to third reading.

Location: 6/17/2014-S. THIRD READING

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

Calendar: 7/3/2014 #209 SENATE ASSEMBLY BILLS-THIRD READING FILE

Summary: Would authorize, until January 1, 2035, the board of directors of the Santa Rita Hills Community Services District to consist of 3 members, if the board of directors receives a petition signed by a majority of voters requesting a reduction in the number of board members and thereafter adopts a resolution that orders the reduction, as specified. The bill would also, until January 1, 2025, authorize the board, if the number of members is reduced to 3, to adopt a resolution to increase the number of members from 3 to 5, as specified. This bill contains other related provisions.

Position
Watch

Subject
Special District
Principle Acts

CALAFCO Comments: This bill as amended reduces the size of the governing Board of this district from five to three members.

AB 2480

(Yamada D) Local government finance: cities: annexations.

Current Text: Amended: 3/28/2014 [pdf](#) [html](#)

Introduced: 2/21/2014

Last Amend: 3/28/2014

Status: 4/23/2014-In committee: Set, first hearing. Hearing canceled at the request of author.

Location: 4/1/2014-A. L. GOV.

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

Summary: Would, beginning on January 10, 2015, and on the 10th of each month thereafter, require the Controller to pay to each city that incorporated before August 5, 2004, an amount equal to an amount determined by a specified formula. This bill would continuously appropriate to the Controller an amount sufficient to make those payments from the General Fund.

Position
Watch

Subject
Financial Viability
of Agencies, Tax
Allocation

CALAFCO Comments: The intent of this bill is the same as AB 1521, which is moving forward, so the author has let this bill die.

SB 731

(Steinberg D) Environment: California Environmental Quality Act.

Current Text: Amended: 9/9/2013 [pdf](#) [html](#)

Introduced: 2/22/2013

Last Amend: 9/9/2013

Status: 9/13/2013-Failed Deadline pursuant to Rule 61(a)(14). (Last location was L. GOV. on 9/11/2013)

Location: 9/13/2013-A. 2 YEAR

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

Summary: Would provide that aesthetic and parking impacts of a residential, mixed-use residential, or employment center project, as defined, on an infill site, as defined, within a transit priority area, as defined, shall not be considered significant impacts on the environment. The bill would require the Office of Planning and Research to prepare and submit to the Secretary of the Natural Resources Agency, and the secretary to certify and adopt, revisions to the guidelines for the implementation of CEQA establishing thresholds of significance for noise and transportation impacts of projects within transit priority areas. This bill contains other related provisions and other existing laws.

Position
Watch

Subject
CEQA

[SB 1122](#)

(Pavley D) Sustainable communities: Strategic Growth Council.

Current Text: Amended: 5/5/2014 [pdf](#) [html](#)

Introduced: 2/19/2014

Last Amend: 5/5/2014

Status: 5/23/2014-Failed Deadline pursuant to Rule 61(b)(8). (Last location was S. APPR. SUSPENSE FILE on 5/23/2014)

Location: 5/23/2014-S. DEAD

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

Summary: Current law authorizes moneys from the Greenhouse Gas Reduction Fund to be allocated for the purpose of reducing greenhouse gas emissions in this state through specified investments, including funding to reduce greenhouse gas emissions through strategic planning and development of sustainable infrastructure projects. This bill would additionally authorize the council to manage and award financial assistance for the purpose of supporting the implementation of sustainable communities strategies or alternative planning strategies, to be funded from moneys from the Greenhouse Gas Reduction Fund, upon appropriation by the Legislature. The bill would require the council to adopt guidelines for the use of the funds by recipients.

Position
Watch

Subject
Sustainable
Community Plans

[SB 1230](#)

(Committee on Governance and Finance) Validations.

Current Text: Chaptered: 5/29/2014 [pdf](#) [html](#)

Introduced: 2/20/2014

Status: 5/29/2014-Chaptered by Secretary of State - Chapter 19, Statutes of 2014.

Location: 5/29/2014-S. CHAPTERED

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

Summary: This bill would enact the First Validating Act of 2014, which would validate the organization, boundaries, acts, proceedings, and bonds of the state and counties, cities, and specified districts, agencies, and entities. This bill contains other related provisions.

Position
Support

Subject
Other

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24 June 2014

Assembly Member Roger Dickinson
California State Assembly
State Capitol Room 2013
Sacramento, CA 95814

RE: AB 1739 – **Letter of Concern**

Dear Assembly Member Dickinson;

The California Association of Local Agency Formation Commissions (CALAFCO) has been following the amendments to your bill, AB 1739. Local Agency Formation Commissions (LAFCo) are aware of and concerned about the current water shortage in the state, especially now given the current drought. There is no question that as a resource, water is highly valued, and proper management of this precious resource is a priority.

We have been providing comments on the bill to the Association of California Water Agencies (ACWA) and remain concerned about some of what is being proposed. In particular, the requirements to have a LAFCo complete proceedings on the formation of a new agency, or the annexation of an area, within six months of the filing of an application. Further, we are concerned about the requirement of LAFCo to complete an annexation at the direction of a county for an agency delegated such responsibilities by January 1, 2017.

The legislation that governs how a LAFCo operates is found in the Cortese-Knox-Hertzberg Local Government Reorganization Act of 2000 (CKH). There is a process defined that LAFCo follows when considering the formation of a new agency or district. Part of that is dependent upon the principal act under which the new agency or district is formed. Based on this, there are a number of factors that have yet to be considered. Our concerns include (but are in no way limited to):

1. **Timeline required for formation/annexation.** It is unreasonable and unrealistic to require a LAFCo to complete the formation of a new district or an annexation within six months of the filing of an application. Current language does not account for the need for the application to be deemed complete by the LAFCo and the Certificate of Filing to be done, nor does it consider all of the other factors associated with such an action such as those within the Revenue and Taxation Code, as well as the potential need for a confirmation of the voters.
2. **Directive of the county.** The bill allows for a county to delegate the authority for the creation of a groundwater sustainability plan to a local agency, and requires the LAFCo to take action on that directive and complete such by January 1, 2017. This is problematic for a number of reasons not the least of which is the specific actions LAFCo is to take to accomplish the directive are unclear, as is the legislative authority to do so. Further, there is no indication of when the county may take that action, so assigning an arbitrary deadline is of grave concern. Realistic time frames must be considered. In addition, it is unclear who will pay for the LAFCo services. As it is a county directive, will the county be financially

- responsible or will the agency delegated the responsibility be required to also be financially responsible?
3. **Principal Act.** The principal act under which these new groundwater management agencies shall be formed needs to be determined.
 4. **Formation process.** Should the new agency be formed as a special district, we must consider if there will a sphere of influence for each agency; will there be inclusion into Municipal Service Reviews; what happens in the case of an adjudicated basin where there have been judgments and other contractual obligations. Those that choose to form as a JPA will not be subject to any kind of LAFCo approval, so formation and oversight of these entities will be inconsistent.
 5. **Definitions.** Virtually all of the definitions in AB 1739 differ from those in Senator Pavley's bill, SB 1168, and from those contained in the Governor's proposal. In fact, your bill references a groundwater sustainability agency, while Senator Pavley's bill refers to them as groundwater management agencies. We strongly suggest one term and definition, and that they be included in all of the appropriate code sections, including CKH.
 6. **A lot of "if this-then that".** The bill attempts to define a process with specific timelines and within that process there are a great deal of moving parts. There is concern about the agency or entity responsible for monitoring these timelines. The bill as amended prescribes actions that appear to be dependent upon each other, while the resources needed to accomplish these directives is not identified.
 7. **Local level management.** While the bill works towards the idea that sustainable groundwater management is best done at the local level, there are prescriptions within the bill that use a "one size fits all" approach which may not be the most appropriate solution for certain areas, particularly adjudicated basins.

The Senate Committee on Natural Resources and Water staff analysis of the bill, while providing no specific amendments or suggestions, thoroughly outlined a number of issues that are being addressed and have yet to be addressed. While we recognize that some of those have been mentioned above, we share in all of the concerns outlined in that analysis.

CALAFCO wishes to thank you (and Senator Pavley) on taking up this very difficult and critical issue, and for working with stakeholders to create as clear and effective legislation as possible. We support the concept of managing groundwater in a responsible and sustainable way, and look forward to continuing to work with you, your staff, ACWA and other stakeholders on AB 1739.

Sincerely,



Pamela Miller
Executive Director

CC: Senator Fran Pavley, co-author
Steve McCarthy, Senate Republican Caucus

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JENI TICKLER
Executive Assistant

26 June 2014

Senator Fran Pavley
California State Senate
State Capitol Room 4035
Sacramento, CA 95814

RE: SB 1168 – Letter of Concern

Dear Senator Pavley;

The California Association of Local Agency Formation Commissions (CALAFCO) has been following the amendments to your bill, SB 1168. Local Agency Formation Commissions (LAFCo) are aware of and concerned about the current water shortage in the state, especially now given the current drought. There is no question that as a resource, water is highly valued, and proper management of this precious resource is a priority.

We have been providing comments on AB 1739 (Dickinson) to the Association of California Water Agencies (ACWA) and the author's staff, and remain concerned about some of what is being proposed in that bill, as you heard in your committee hearing this week. CALAFCO appreciates the collaborative nature in which you and Assembly member Dickinson are working, not only with each other but also with a host of stakeholders. To that end, we realize both of these bills continue to be a "work in progress", and appreciate your willingness to consider all concerns and be open to suggested amendments.

With respect to SB 1168, we are specifically concerned with the variance in definitions from AB 1739 and language relating to the groundwater management agency formation.

Most notably, areas of concern include:

1. **Definitions.** Virtually all of the definitions in SB 1168 differ from those in Assembly member Dickinson's bill, AB 1739, and from those contained in the Governor's proposal. Your bill references a groundwater management agency, while Assembly member Dickinson's bill refers to them as groundwater sustainability agencies. We strongly suggest one term and definition be used throughout, and they be included in all of the appropriate code sections.
2. **Formation process.** SB 1168 states that any local agency may establish a groundwater management agency through a joint powers agreement or a memorandum of agreement or other legal agreement. This appears inconsistent with AB 1739, which allows the landowners and other groundwater users to form a new public agency or request to be annexed into an existing groundwater management agency, and calls on LAFCo to process such requests. AB 1739 requires LAFCo to complete that process in 180 days from the filing of the application. As we expressed in our letter to Assembly member Dickinson, we have great concern over this language and required timeframe, and look forward to offering substitute language in the future for consideration.

3. **Local level management.** While the bill works towards the idea that sustainable groundwater management is best done at the local level, an idea we fully support, there are prescriptions within the bill that use a “one size fits all” approach which may not be the most appropriate solution for certain areas, particularly adjudicated basins.

The Senate Committee on Natural Resources and Water and Assembly Committee on Water, Parks and Wildlife staff analyses of the bill, while providing no specific amendments or suggestions, thoroughly outlined a number of issues that are being addressed and have yet to be addressed. While we recognize that some of those have been mentioned above, we share in all of the concerns outlined in those analyses. Many of those (some of which are not included herein) were outlined in our letter to Assembly member Dickinson dated June 24, 2014, a copy of which was provided to your office.

CALAFCO wishes to thank you (and Assembly member Dickinson) for taking up this very difficult and critical issue, and for working with stakeholders to create as clear and effective legislation as possible. We support the concept of managing groundwater in a responsible and sustainable way, and look forward to working with you, your staff, and other stakeholders on SB 1168.

Sincerely,



Pamela Miller
Executive Director

CC: Assembly member Roger Dickinson, co-author
Steve McCarthy, Senate Republican Caucus

20 June 2014

**2013-2014
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JENI TICKLER
Executive Assistant

Senator Lois Wolk
California State Senate
State Capitol Room 4032
Sacramento, CA 95814

RE: SB 614 – Letter of Concern

Dear Senator Wolk:

The California Association of Local Agency Formation Commissions (CALAFCO) has been following the amendments to your bill, SB 614. Local Agency Formation Commissions (LAFCo) are aware of and concerned about the disparity of local public services, especially for residents and properties located within disadvantaged unincorporated communities. All Californians deserve adequate and safe water, modern sewage disposal and other essential public services. CALAFCO supports your efforts to address these problems which persist in many counties.

The provisions of SB 614 attempt to begin addressing this problem by constructing an opportunity for a funding mechanism to be created to provide infrastructure upgrades through a tax increment tool once the area is annexed.

Our review of the amended legislation raises several concerns we hope we can work with you to address. We appreciate the willingness of you and your staff to work with us the past several weeks on addressing some of our initial concerns and accepting some of our proposed amendments. However, there are still a number of concerns that remain.

Of primary concern is that the outcome of this legislation, while producing a finance mechanism for infrastructure upgrades, does not address the long-term financial sustainability of the district once formed. Further, the process as defined in the current version of the bill calls for the LAFCo to initiate the formation proposal, which should be an action by the applicant.

Specific concerns include:

1. **Long-term financial sustainability.** While the bill addresses the financing of the initial infrastructure upgrades, it does not address the ongoing concern of maintenance and operations. The disadvantaged community, by nature of the definition, cannot afford to pay the ongoing maintenance costs that would be required to finance and support an upgraded/improved infrastructure. They are by their very nature, communities of low resources, which is likely one of the primary contributors to a failing infrastructure in the first place. While they will not be alone in paying the district's assessments, which will no doubt have to be increased to support the upgraded infrastructure, they will be burdened with a portion of it.

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2. **Cost of new or reorganized independent special district.** The formation of a new or reorganization of an independent special district requires a complete municipal service review in order to determine a sphere of influence, and even an election if one were necessary. One could argue that the cost of the new governance of an independent special district would defeat the gain of tax increment intended for actual infrastructure improvements. Additionally, it would take years for the property values to increase.
3. **The process for determination should be more clearly defined.** As written, the bill permissively allows a LAFCo to amend a proposal to include the formation of a new or reorganization of an existing special district if certain criteria are met. We believe the more appropriate action is for the applicant to identify clearly in the resolution of application that this one of the options they are requesting.
4. **Application criteria.** In order for the proper determination to be made that creating this tax increment financing district is the best and most appropriate option, we suggest the LAFCo be provided certain information by the applicant to include a financial feasibility plan that demonstrates the formation of the special district will be able to provide the necessary financial resources to deliver and maintain services outlined in the application. Further that the study include an estimated timeframe for constructing and delivering those services, and a projected timeframe for recovering the estimated construction costs including the estimated increase in property values and associated tax increment. Lastly, that a plan for long-term governance, maintenance and service delivery once initial costs are recovered and the tax increment financing terminates.
5. **The use of tax increment financing.** There is underlying concern that the use of tax increment financing through a LAFCo action when there is no vote of the tax payers is cause for further review and consideration. We are concerned that such a LAFCo action may have unintended consequences that have yet to be realized.
6. **Technical language clean-up.** There are some technical terms that require clean-up for consistency with other areas of Cortese-Knox-Hertzberg.

CALAFCO remains committed to help find solutions to the disparities in service delivery to disadvantaged communities. We recognize that this is one possible solution, however there is still much to consider with respect to the implementation and long-term sustainability. Based on the feedback of the CALAFCO membership to date, several commissions may take their own position of opposition to the bill as currently written unless the primary concerns are addressed.

Again, we appreciate your willingness to engage CALAFCO in the process and work to address our concerns. We will be providing specific suggested language for your consideration that addresses some of the concerns noted above. We look forward to continue working with you on addressing the service deficiencies to disadvantaged communities.

Yours sincerely,



Pamela Miller
Executive Director

Cc: Chair and Members, Assembly Local Government Committee
Misa Yokoi-Shelton, Associate Consultant, Assembly Committee on Local Government
William Weber, Principal Consultant, Assembly Republican Caucus

26 June 2014

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The Honorable Governor Edmund G. Brown, Jr.
State of California
State Capitol Building
Sacramento, CA 95814

**RE: Request to Sign AB 2762
Assembly Local Government Committee Omnibus Bill**

Dear Governor Brown:

The California Association of Local Agency Formation Commissions respectfully requests that you **sign Assembly Bill 2762** (Assembly Local Government Committee) which is now before you for action. AB 2762 makes changes and clarifications to the Cortese-Knox-Hertzberg Local Government Reorganization Act of 2000.

This annual bill includes technical changes to the Act which governs the work of local agency formation commissions. These changes are necessary as commissions implement the Act and small inconsistencies are found or clarifications are needed to make the law as unambiguous as possible. AB 2762 clarifies several definitions, makes changes to obsolete and incorrect code references, makes minor updates to several outdated sections, and minor technical additions and corrections. Without making any policy changes, the revised language greatly clarifies the laws and eliminates outdated and confusing language thereby creating a significant increase in the clarity of the Act for all stakeholders.

Because this legislation helps insure that the Cortese-Knox-Hertzberg Act remains a vital and practical law that is consistently applied around the state, and clearer to all who use the Act, we respectfully urge you to sign AB 2762.

Yours sincerely,



Pamela Miller
Executive Director

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cc: Honorable Katcho Achadjian, Chair, Assembly Local Government Committee
Misa Yokoi-Shelton, Associate Consultant, Assembly Local Government Committee
Camille Wagner, Deputy Legislative Affairs Secretary to the Governor