



LOCAL AGENCY FORMATION COMMISSION

455 COUNTY CENTER, 2ND FLOOR • REDWOOD CITY, CA 94063-1663 • PHONE (650) 363-4224 • FAX (650) 363-4849

March 8, 2017

To: LAFCo Commissioners
From: Martha Poyatos, Executive Officer *Martha Poyatos*
Subject: California Association of Local Agency Formation Commissions (CALAFCO) Legislative Report and Update on Little Hoover Commission – Information Only

Pending Legislation

Attached please find the list of legislation being tracked by the California Association of Local Agency Formation Commissions (CALAFCO). This year, CALAFCO proposes six changes to the Cortese-Knox-Hertzberg Local Government Reorganization Act of 2000 for inclusion in the Assembly Local Government Committee's annual omnibus bill. The six changes are non-controversial and technical in nature.

CALAFCO is sponsoring two bills this year:

- **AB 464** (Gallagher) responds to concerns regarding the application of Government Code Section 56653, recently the subject of a court decision involving Turlock Irrigation District. Proposed amendments are narrow in scope and would remove potential risks associated with annexation proposals involving territory where services have been extended by agreement outside jurisdictional boundaries as permitted by Government Code Section 56133.
- **AB 979** (Lackey) would streamline the process to seat special district members on LAFCos that do not have special district representation. This bill would also require LAFCos to assist independent special district selection committees with appointment of a special district member to a consolidated countywide redevelopment agency oversight board.

CALAFCO will be sending a request for letters of support soon for the omnibus bill and the CALAFCO-sponsored bills.

Other bills being tracked by CALAFCO include the annual validation bills SB 206, SB 207, and SB 208, which validate the organization, boundaries, acts, proceedings, and bonds of the state, counties, and local agencies. Also of interest is **SB 448** (Wieckowski), which is a spot bill concerning inactive special districts. Senator Wieckowski is working with the State Controller's Office on identifying and dissolving inactive districts that meet certain criteria. The State

COMMISSIONERS: DON HORSLEY, CHAIR, County ▪ MIKE O'NEILL, VICE CHAIR, City ▪ JOSHUA COSGROVE, Special City ▪ ANN DRAPER, Public
 RICH GARBARINO, City ▪ JOE SHERIDAN, Special District ▪ WARREN SLOCUM, County

ALTERNATES: RIC LOHMAN, Special District ▪ RAY MUELLER, City ▪ SEPI RICHARDSON, Public ▪ (VACANT), County

STAFF: MARTHA POYATOS, EXECUTIVE OFFICER ▪ REBECCA ARCHER, LEGAL COUNSEL ▪ JEAN BROOK, COMMISSION CLERK

Controller's Office sent letters to several LAFCOs and counties and requested that either the LAFCo or the County initiate dissolution. A letter has not been received by San Mateo LAFCo or the County. There are two inactive districts (County Service Areas 10 and 12) that were formed but not activated because either a measure for funding was not approved by the voters or another entity took on the service that the District was formed to provide. A copy of the letter received by Contra Costa LAFCo is attached. The CALAFCO legislative committee appointed a subcommittee to follow this bill.

The Little Hoover Commission (LHC)

CALAFCO Executive Director Pamela Miller reports that the LHC met on February 23, 2017 and staff presented the draft report on special districts that is being completed as follow-up to the May 2000 LHC report on special districts.¹ The draft report is not yet available to the public, but Ms. Miller reported that the report contains recommendations regarding LAFCo's authority, standardized definitions of special district reserves, and updating health care district enabling legislation. It was reported that the LHC considered staff recommendations "status quo" and commissioners suggested other options to pursue. CALAFCO expects that the final report will be completed following a meeting of the LHC to be scheduled in August 2017.

Recommended Action

Receive the report and public comment.

Attachments: a) CALAFCO Daily Legislative Report as of March 8, 2017

b) State Controller's letter regarding inactive special districts

¹ "Special Districts: Relics of the Past or Resources for the Future"

CALAFCO Daily Legislative Report as of Wednesday, March 08, 2017

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[AB 464](#) (Gallagher R) Local government reorganization.
Current Text: Introduced: 2/13/2017 [Text](#)
Introduced: 2/13/2017

Status: 2/27/2017-Referred to Com. on L. GOV.

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

Summary:

Under the Cortese-Knox-Hertzberg Local Government Reorganization Act of 2000, current law requires that an applicant seeking a change of organization or reorganization submit a plan for providing services within the affected territory that includes, among other requirements, an enumeration and description of the services to be extended to the affected territory and an indication of when those services can feasibly be extended. This bill would specify that the plan is required to also include specific information regarding services currently provided to the affected territory, as applicable, and make related changes.

Position: Sponsor

Subject: Annexation Proceedings

CALAFCO Comments: This bill makes a fix to Gov. Code Sec. 56653 based on the court finding in the case of *The City of Patterson v. Turlock Irrigation District*. The court found that because the services were already being provided via an out of area service agreement, the application for annexation was deemed incomplete because it was not a new service to be provided. By making the fix in statute, any pending/future annexation for a territory that is already receiving services via an out of area service agreement will not be in jeopardy.

There is a pending amendment as (b)(3) should read "proposed" rather than "provided".

[AB 979](#) (Lackey R) Local government.
Current Text: Introduced: 2/16/2017 [Text](#)
Introduced: 2/16/2017

Status: 2/17/2017-From printer. May be heard in committee March 19.

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

Summary:

Current law, the Cortese-Knox-Hertzberg Local Government Reorganization Act of 2000, provides the sole and exclusive authority and procedure for the initiation, conduct, and completion of changes of organization and reorganization for cities and districts and makes related findings and declarations. This bill would make nonsubstantive changes to those findings and declarations.

Position: Sponsor

Subject: CKH General Procedures

CALAFCO Comments: Currently in spot bill form, this bill is co-sponsored by CALAFCO and CSDA. The intent is to amend code Sec. 56332.5 to streamline the process of seating special districts on LAFCo by mirroring current statute 56332 (the process for electing special district representatives into the special district seats). Keeping the process voluntary, it allows for voting by mail whether or not the district wants to have special districts represented on LAFCo. Further, it will allow for the consolidation of that question with the independent special district selection committee appointment to a countywide redevelopment agency oversight board pursuant to Health and Safety Code 34179 (j)(3).

[SB 37](#) (Roth D) Local government finance: property tax revenue allocations: vehicle license fee adjustments.
Current Text: Introduced: 12/5/2016 [Text](#)
Introduced: 12/5/2016

Status: 3/7/2017-Set for hearing March 15.

Desk	Policy	Fiscal	Floor	Desk	Policy	Fiscal	Floor	Conf.	Enrolled	Vetoed	Chaptered

1st House	2nd House	Conc.			
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Calendar:

3/15/2017 9:30 a.m. - Room 112 SENATE GOVERNANCE AND FINANCE, MCGUIRE, Chair

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 a city incorporating after January 1, 2004, and on or before January 1, 2012, for the 2017–18 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.

Attachments:[CALAFCO Support Letter Feb 2017](#)**Position:** Support**Subject:** Financial Viability of Agencies, Tax Allocation

CALAFCO Comments: This bill is identical to SB 817 (Roth, 2016), SB 25 (Roth, 2015) and SB 69 (Roth, 2014) with the exception of the chaptering out language included in the 2016 version (which addressed the companion bill AB 2277 (Melendez, 2016)). The bill calls for reinstatement of the VLF through ERAF for cities that incorporated between January 1, 2004 and January 1, 2012. There are no provisions for back payments for lost revenue, but the bill does reinstate future payments beginning in the 2017/18 year for cities that incorporated between 1-1-2004 and 1-1-2012.

[SB 448](#) ([Wieckowski D](#)) Local government: organization: districts.**Current Text:** Introduced: 2/15/2017 [Text](#)**Introduced:** 2/15/2017**Status:** 2/23/2017-Referred to Com. on GOV. & F.

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 provides the exclusive authority and procedure for the initiation, conduct, and completion of changes of organization and reorganization for cities and districts, as specified, and defines various terms for these purposes. This bill would define the term "inactive district" for purposes of that act.

Position: None at this time**Subject:** CKH General Procedures

CALAFCO Comments: This is a spot bill. According to the author's office, they have been working with the State Controller's office on the clean-up of inactive districts (both dependent and independent). CALAFCO was not contacted by the author's office, but has talked with them since the bill's introduction and will work with the author's office as the bill is amended.

3**[AB 267](#) ([Waldron R](#)) Community services districts.****Current Text:** Introduced: 2/1/2017 [Text](#)**Introduced:** 2/1/2017**Status:** 2/2/2017-From printer. May be heard in committee March 4.

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

Summary:

Current law provides for the organization and powers of community services districts, including the continuation of any community services district, improvement district of a community services district, or zone of a community services district, that was in existence on January 1, 2006. This bill would make nonsubstantive changes to these provisions.

Position: Watch**CALAFCO Comments:** According to the author's office this is a spot bill.**[AB 355](#) ([Chu D](#)) State Water Resources Control Board: public water systems: collaboration.**

Current Text: Introduced: 2/8/2017 [Text](#)**Introduced:** 2/8/2017**Status:** 2/21/2017-Referred to Com. on E.S. & T.M.

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

Summary:

Would require the State Water Resources Control Board to collaborate with all public water systems to improve drinking water infrastructure and ensure adequate, safe, and clean drinking water supplies.

Position: Watch**Subject:** Water**CALAFCO Comments:** Spot bill pertaining to drinking water.**[AB 577](#) (Caballero D) Disadvantaged communities.****Current Text:** Introduced: 2/14/2017 [Text](#)**Introduced:** 2/14/2017**Status:** 2/27/2017-Referred to Coms. on E.S. & T.M. and L. GOV.

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

Calendar:

3/21/2017 1:30 p.m. - State Capitol, Room 444 ASSEMBLY ENVIRONMENTAL SAFETY AND TOXIC MATERIALS, QUIRK, Chair

Summary:

Current law defines a disadvantaged community as a community with an annual median household income that is less than 80% of the statewide annual median household income for various purposes, that include, but are not limited to, the Water Quality, Supply, and Infrastructure Improvement Act of 2014, eligibility for certain entities to apply for funds from the State Water Pollution Cleanup and Abatement Account, and authorization for a community revitalization and investment authority to carry out a community revitalization plan. This bill would instead define a disadvantaged community as a community with an annual per capita income that is less than 80% of the statewide annual per capita income.

Position: Watch**Subject:** Disadvantaged Communities**[AB 645](#) (Quirk D) Local government: organization: dissolution.****Current Text:** Introduced: 2/14/2017 [Text](#)**Introduced:** 2/14/2017**Status:** 3/2/2017-Referred to Com. on L. GOV.

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

Summary:

Under current law, if a change of organization consists of a dissolution, the commission is required to order the dissolution subject to confirmation of voters if, among other things, the proposal was not initiated by the commission and if a subject agency has not objected to the proposal, the commission has found that, for an inhabited territory protests have been signed by either 25% of the number of landowners within the affected territory who own at least 25% of the assessed value of land within the territory or 25% of the voters entitled to vote as a result of residing or owning land within the affected territory. This bill would decrease that threshold to 10% of the number of landowners within the affected territory who own at least 25% of the assessed value of land within the territory or 10% of the voters entitled to vote as a result of residing or owning land within the affected territory.

Position: Watch**Subject:** CKH General Procedures, Disincorporation/dissolution, Special District Consolidations**CALAFCO Comments:** According to the author's office this is a spot bill pending the outcome of the Alameda LAFCo special study on Eden Healthcare District.**[AB 741](#) (Cervantes D) Public cemetery districts.****Current Text:** Introduced: 2/15/2017 [Text](#)**Introduced:** 2/15/2017**Status:** 2/16/2017-From printer. May be heard in committee March 18.

Desk	Policy	Fiscal	Floor	Desk	Policy	Fiscal	Floor	Conf.	Enrolled	Vetoed	Chaptered

1st House	2nd House	Conc.	
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Summary:

Current law contains provisions relating to the establishment of public cemetery districts, including the formation of a district, the selection of a district governing board, and the powers and duties of the board. This bill would make technical, nonsubstantive changes to these provisions.

Position: Watch

Subject: Other

CALAFCO Comments: This is a spot bill.

SB 80 (Wieckowski D) California Environmental Quality Act: notices.

Current Text: Amended: 2/14/2017 [Text](#)

Introduced: 1/11/2017

Last Amended: 2/14/2017

Status: 2/14/2017-From committee with author's amendments. Read second time and amended. Re-referred to Com. on EQ.

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

Summary:

The California Environmental Quality Act requires the lead agency to mail certain notices to persons who have filed a written request for notices. The act provides that if the agencies offer to provide the notices by email, upon filing a written request for notices, a person may request that the notices be provided to him or her by email. This bill would require the lead agency to post those notices on the agency's Internet Web site. The bill would require the agency to offer to provide those notices by email. Because this bill would increase the level of service provided by a local agency, this bill would impose a state-mandated local program.

Position: Watch

Subject: CEQA

SB 206 (Committee on Governance and Finance) Validations.

Current Text: Introduced: 2/1/2017 [Text](#)

Introduced: 2/1/2017

Status: 3/7/2017-Set for hearing March 15.

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

Calendar:

3/15/2017 9:30 a.m. - Room 112 SENATE GOVERNANCE AND FINANCE, MCGUIRE, Chair

Summary:

Would enact the First Validating Act of 2017, which would validate the organization, boundaries, acts, proceedings, and bonds of the state and counties, cities, and specified districts, agencies, and entities. This bill would declare that it is to take effect immediately as an urgency statute.

Attachments:

[CALAFCO Support Feb 2017](#)

Position: Support

Subject: LAFCo Administration

CALAFCO Comments: One of three annual acts which validate the boundaries of all local agencies.

SB 207 (Committee on Governance and Finance) Validations.

Current Text: Introduced: 2/1/2017 [Text](#)

Introduced: 2/1/2017

Status: 3/7/2017-Set for hearing March 15.

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

Calendar:

3/15/2017 9:30 a.m. - Room 112 SENATE GOVERNANCE AND FINANCE, MCGUIRE, Chair

Summary:

Would enact the Second Validating Act of 2017, which would validate the organization, boundaries, acts, proceedings, and bonds of the state and counties, cities, and specified districts, agencies, and entities. This bill would declare that it is to take effect immediately as an urgency statute.

Attachments:

[CALAFCO Support Feb 2017](#)

Position: Support

Subject: LAFCo Administration

CALAFCO Comments: One of three annual acts which validate the boundaries of all local agencies.

SB 208 (Committee on Governance and Finance) Validations.

Current Text: Introduced: 2/1/2017 [Text](#)

Introduced: 2/1/2017

Status: 3/7/2017-Set for hearing March 15.

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

Calendar:

3/15/2017 9:30 a.m. - Room 112 SENATE GOVERNANCE AND FINANCE, MCGUIRE, Chair

Summary:

Would enact the Third Validating Act of 2017, which would validate the organization, boundaries, acts, proceedings, and bonds of the state and counties, cities, and specified districts, agencies, and entities.

Attachments:

[CALAFCO Support Letter Feb 2017](#)

Position: Support

Subject: LAFCo Administration

CALAFCO Comments: One of three annual acts which validate the boundaries of all local agencies.

SB 365 (Dodd D) Regional park and open-space districts: County of Solano.

Current Text: Introduced: 2/14/2017 [Text](#)

Introduced: 2/14/2017

Status: 2/23/2017-Referred to Coms. on GOV. & F. and RLS.

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

Calendar:

3/29/2017 9:30 a.m. - Room 112 SENATE GOVERNANCE AND FINANCE, MCGUIRE, Chair

Summary:

Current law authorizes proceedings for the formation of a regional park and open-space or regional open-space district in specified counties in the state to be initiated by resolution of the county board of supervisors adopted after a noticed hearing, and specifies the contents of the resolution. This bill, in addition, would authorize the formation of a regional district in the County of Solano to be initiated by resolution of the county board of supervisors after a noticed hearing. The bill would specify the contents of the resolution, including the calling of an election, as prescribed.

Position: Watch

CALAFCO Comments: This bill calls for the formation of a regional park and open space district which will circumvent the LAFCo formation process. CALAFCO has discussed our concerns with the author's office and we will watch for any amendments before taking a position.

SB 435 (Dodd D) Williamson Act: payments to local governments.

Current Text: Introduced: 2/15/2017 [Text](#)

Introduced: 2/15/2017

Status: 2/23/2017-Referred to Com. on GOV. & F.

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

Summary:

Would, under the Williamson act, reduce the amount per acre paid to a city, county, or city and county under these provisions to \$2.50 for prime agricultural land, \$0.50 for all other land devoted to open-space uses of statewide significance, and, for counties that have adopted farmland security zones, \$4 for land that is within, or within 3 miles of the sphere of influence of, each incorporated city.

Position: Watch

Subject: Ag Preservation - Williamson

SB 634 (Wilk R) Santa Clarita Valley Water District.

Current Text: Introduced: 2/17/2017 [Text](#)

Introduced: 2/17/2017

Status: 3/7/2017-Set for hearing March 28.

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

Calendar:

3/28/2017 9:30 a.m. - Room 112 SENATE NATURAL RESOURCES AND WATER, HERTZBERG, Chair

Summary:

Current law, the Castaic Lake Water Agency Law, created the Castaic Lake Water Agency and authorizes the agency to acquire water and water rights, including water from the State Water Project, and to provide, sell, and deliver water at wholesale for municipal, industrial, domestic, and other purposes. This bill would repeal the Castaic Lake Water Agency Law. This bill contains other related provisions and other current laws.

Position: None at this time

Subject: Special District Consolidations

CALAFCO Comments: This bill consolidates two independent water districts in Los Angeles and does not include the LAFCo process.

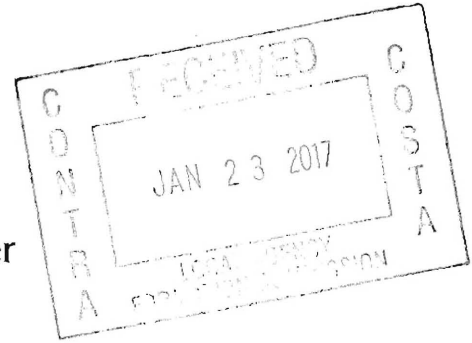
Total Measures: 16

Total Tracking Forms: 16

3/8/2017 9:58:46 AM



BETTY T. YEE
California State Controller



January 19, 2017

Executive Officer
Contra Costa Local Agency Formation Commission
651 Pine Street, Suite #6
Martinez, CA 94553

SUBJECT: Inactive Special Districts

Dear Executive Officer:

We are attempting to update our special district records and seek your assistance in providing us with any information you may have.

The enclosed list contains special district(s) within your jurisdiction that have reported no financial activity to the State Controller's Office (SCO) for at least the 2014-15 reporting period. Government Code section 53891 requires special districts to submit their financial transactions reports to the SCO annually.

Please complete the "status" (dissolving, active, etc.) and "comments" portions of the enclosed spreadsheet and return it, along with any supporting documentation, by email to SDsupport@sco.ca.gov or by mail to:

State Controller's Office
Local Government Programs and Services Division
Local Government Reporting Section
P.O. Box 942850
Sacramento, CA 94250

If any of the districts should be dissolved, please take appropriate action. If you have questions, please contact the Special Districts Reporting Unit by telephone at (916) 327-1017, or by email at SDsupport@sco.ca.gov.

Your response by February 28, 2017, will be appreciated. Thank you for your assistance.

Sincerely,

A handwritten signature in black ink, appearing to read "George Lolos".

GEORGE LOLAS
Chief Operating Officer

Enclosure

State Controller's Office
 Contra Costa Local Agency Formation Commission - Inactive Special District

January 19, 2017

#	Entity Name	No Financial Activity Reported				Status	Comments
		2014-15	2013-14	2012-13	Prior to 2012-13*		
1	Reclamation District No. 2121	X	X	X	X		

*No financial activity reported for three years prior to 2012-13.