

SAN MATEO



# LOCAL AGENCY FORMATION COMMISSION

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

May 8, 2019

**To:** Members, Formation Commission

**From:** Martha Poyatos, Executive Officer  
Rob Bartoli, Management Analyst

A handwritten signature in black ink, appearing to read 'M. Poyatos', written over a white rectangular background.

**Subject:** Overview of Municipal Service Reviews and Sphere of Influence Updates—  
Information only

## Summary

The following is an overview municipal service review and sphere of influence purpose and process.

A sphere of influence is a plan for the probable physical boundaries and service area of a local agency, as determined by the commission. The sphere of influence may also designate the planned governance model for an agency including but not limited to status quo, dissolution, or consolidation. Factors considered in a sphere of influence review focus on the current and future land use, the current and future need and capacity for service, and any relevant communities of interest. (Government Code Sections 56076 and 56425)

A municipal service review (MSR) is a comprehensive study designed to inform LAFCo, local agencies, and the community about the provision of municipal services. Service reviews attempt to capture and analyze information about the governance structures and efficiencies of service providers, and to identify opportunities for greater coordination and cooperation between providers. **The municipal service review is a prerequisite to a sphere of influence determination. (Government Code Section 56430)**

Section 56430 sets forth that the commission shall include in the area designated for the MSR the county, a subregion, or any other geographic area as is appropriate for an analysis of the service or services to be reviewed, and shall prepare a written statement of its determinations. MSRs are the tool to gather information to allow for assessment of the fiscal condition of cities and special districts and informed decision making in determining spheres of influence.

**COMMISSIONERS:** ANN DRAPER, CHAIR, PUBLIC ▪ JOSHUA COSGROVE, VICE CHAIR, SPECIAL DISTRICT ▪ RICH GARBARINO, CITY ▪ DON HORSLEY, COUNTY ▪ MIKE O'NEILL, CITY ▪ WARREN SLOCUM, COUNTY ▪ RIC LOHMAN, SPECIAL DISTRICT

**ALTERNATES:** KATI MARTIN, SPECIAL DISTRICT ▪ HARVEY RARBACK, CITY ▪ JAMES O'NEILL, PUBLIC ▪ DAVE PINE, COUNTY

**STAFF:** MARTHA POYATOS, EXECUTIVE OFFICER ▪ REBECCA ARCHER, LEGAL COUNSEL ▪ ROB BARTOLI, MANAGEMENT ANALYST

## ***I. Municipal Service Reviews***

### **Statutory and Discretionary Municipal Service Review Determinations**

Effective January 1, 2000, Government Code Section 56430 required LAFCo to conduct MSR's and prepare a written statement of determination with respect to *the determinations and effective January 1, 2008 amended the determinations as follows:*

a. Growth and population projections

Analysis will include Census population, California Department of Finance, Association of Bay Area Government and Regional Housing Needs Allocation population projections and other information where appropriate in assessing existing and future service needs.

b. The location and characteristics of any disadvantaged unincorporated communities within or contiguous to the sphere of influence.

"Disadvantaged unincorporated community" means inhabited territory, as defined by Section 56046, that constitutes all or a portion of a "disadvantaged community" a community with an annual median household income that is less than 80 percent of the statewide annual median household income as defined by Section 79505.5 of the Water Code.<sup>1</sup>

c. Present and planned capacity of public facilities, adequacy of public services, and infrastructure needs or deficiencies including needs or deficiencies related to sewers, municipal and industrial water, and structural fire protection in any disadvantaged, unincorporated communities within or contiguous to the sphere of influence. This includes the review of the ISO Rating for the jurisdiction if structural fire provided.

d. Financial ability of agencies to provide services

Analysis includes agency budgets, budget trends, audits, fee schedules, revenue sources, *long-term debt obligations, retiree pension and health benefit obligations*, credit rating, debt ratio and other information necessary to assess the fiscal viability/health of the agency.

e. Status of, and opportunities for shared facilities

Analysis includes existing practices and potential opportunities in regard to sharing common facilities and/or contracting for services, etc. with other agencies.

---

<sup>1</sup> While there are no communities that meet the definition above, LAFCo has the discretion to include in municipal service reviews unincorporated communities of low income that are lacking in adequate water or wastewater infrastructure.

- f. Accountability for community service needs, including governmental structure and operational efficiencies.

Analysis includes: public availability of agency budget, agenda, reports and other documents; source data such as organizational charts, budgets, website, survey information provided by agencies; and potential reorganization pursuant to CKH Act, enabling legislation and State legislative policies encouraging efficient delivery of services and logical boundaries.

- g. Any other matter related to effective or efficient service delivery, as required by Commission policy.

This determination permits the Commission to adopt other determinations on a case-by-case basis based on unique local conditions. These may vary based on changes in enabling legislation, operations or regulatory requirements since agency formation, unusual events impacting the agency or other unforeseen factors. The following two determinations fall into this category. Determination G.1 is a policy adopted by the Commission in (March 2018). Consideration G.2 is a proposed determination addressing hazard mitigation for events such as wildfire, earthquake and flooding that could be included in the upcoming update to the Commissions MSR policies and procedures.

#### 1. Water Resiliency and Climate Change

Safe, adequate, reliable, and resilient water supplies are fundamental to the County. The Commission supports governance models that enhance and provide a more robust water supply capacity (including, but not limited to, recycling, desalination, and stormwater recapture) in the County. The Commission will consider how water-related requests for sphere of influence, boundary, or service modification affect the Commission's interests.

Resiliency to climate change is important to the health, safety, and economic prosperity of the County. The Commission supports multi-agency collaboration and governance models that provide risk reduction solutions that address sea level rise and other measures to adapt to climate change. **The area of determination would be the extent to which the agency under study is planning for sea level rise, climate change water resiliency.**

#### 2. Impact of Natural Hazards and Mitigation Planning

*Analysis will include a review of natural hazards that may impact the jurisdiction, including wildfire, earthquakes, and flooding. Source data such as a general plan, hazard mitigation plan, land use maps, FEMA maps, and CAL Fire maps will be used to as part of this analysis.*

## **5. Conduct of Municipal Service Reviews in conjunction with sphere of influence reviews**

Generally, MSRs will be prepared in conjunction with sphere of influence studies or updates; however, service reviews may also be conducted independent of the sphere of influence process. Minor amendments to a sphere of influence, as determined by LAFCo, will not require a municipal service review.

Section 56430 does not require LAFCo to initiate changes of organization based on MSR determinations, rather that LAFCo make determinations regarding the provision of public services pursuant to Section 56430 (1) through (7) (items a thru G above). The Commission's MSR determinations may be used by LAFCo and affected public agencies or the community to initiate changes to services, local jurisdictions, or spheres of influence. However, in adopting these policies, San Mateo LAFCo acknowledges that the preferred form of initiation of a change of organization is an application submitted by an affected agency, residents, property owners or voters. MSRs shall therefore be conducted in a manner to inform and to serve as a tool for any actions a public agency or community may wish to initiate by application to LAFCo or changes by the agency under study to improve operational efficiencies.

## **6. Services to be included in a Municipal Service Review**

The term "municipal service" refers to the full range of services an agency is authorized to provide. Municipal service reviews will include water, sewer, drainage, harbor, libraries, roads, lighting, parks, police, and fire protection. General government services such as courts, social services, human resources, treasury, tax collection, and administrative services will generally not be included. LAFCo will determine which services will be included in each service review.

## **7. Agencies to be Included:**

Local agencies that are subject to LAFCo review, or are required to have a sphere of influence, are subject to municipal service reviews. Whenever possible, data on services provided by other agencies providing the same services will also be included. These agencies include private water utilities, mutual water companies and county-governed districts that are not subject to LAFCo sphere of influence designations. See Schedule of Agencies Subject to MSRs

## **8. Boundaries**

LAFCo will determine the final geographic boundary and agency(ies) that will be the subject of an MSR. Factors that may be considered in determining a service review boundary include, but are not limited to: existing city and special district jurisdictional and sphere boundaries; topography; geography; community boundaries; tax/assessment zones; infrastructure locations; transportation systems and roads; areas with shared facilities; areas with shared social and economic communities of interest, plus other factors as determined by LAFCo.

With the exception of single-purpose, countywide special districts, service reviews will generally be conducted for sub-regional areas within the County of San Mateo. However, as determined

by the Commission, a service review may be done for a single agency or multiple agencies as the need may arise.

## **9. Data Collection Criteria**

Categories set forth (1) through (7) of Section 56430 will require input from affected agencies based on budgets, capital improvement plans, engineering studies, general plans and other agency documents. Information shall also be gathered from Association of Bay Area Government Projections Reports, California Department of Finance, Bay Area Water Users. Data will be presented to the extent possible in comparative format showing rates per unit, cost per capita, etc. according to industry standards. Analysis shall also acknowledge unique circumstances that may exist for a specific agency or type of agencies. Examples include challenges posed by topography or external influences or challenges such as those faced by the County's water agencies.

## **10. California Environmental Quality Act (CEQA)**

Local Agencies that submit applications for sphere of influence amendments requiring municipal service review will be considered lead agencies for purposes of environmental review and should prepare the appropriate environmental document pursuant to the California Environmental Quality Act (i.e., exemption, negative declaration, environmental impact report). The agency should include LAFCo as responsible agency in preparation and circulation of the document.

For MSRs conducted as part of periodic sphere of influence review, LAFCo shall determine the necessary environmental review or exemption under CEQA.

## **11. Municipal Service Review Process**

- a. LAFCo will determine the priority, schedule, procedure and content for service reviews as required for sphere of influence reviews for the County's 20 cities, 22 independent special districts and those County-governed special districts with enabling legislation that make them subject to LAFCo review. (Please see attachment A) LAFCo will develop a priority work plan of service reviews to be addressed during the fiscal year.
- b. Municipal service reviews will be prepared by staff unless the Commission finds that based on complexity, controversy or staff resources, the review should be conducted by an independent consultant.
- c. LAFCo will mail a survey/questionnaire to the affected agency(ies) identified in the service review work plan. The survey/questionnaire shall contain questions related to Section 56430 (1) through (7)
- d. Staff shall prepare an administrative report for review and comment by affected agencies, to verify data.

- e. A circulation draft reflecting comments from affected agencies is then circulated to affected agencies, residents, property owners, or other interested parties
- f. LAFCo may hold public scoping meetings or study sessions, as necessary, for selected service reviews to gather additional input.
- g. LAFCo may establish an MSR committee to provide technical and/or policy advice to LAFCo staff. The service review committee may consist of LAFCo Commissioners from each representative category (county, cities, special districts and the public).
- h. LAFCo staff will prepare a final municipal service review report that includes the determinations required by State Law and adopted Commission policy. The report may identify future studies or actions, which LAFCo or other agencies may take to implement the recommendations of the report.
- i. The Commission will consider the municipal service review report and determinations at a noticed public hearing prior to reaffirming or amending a sphere of influence. The report will be available for a public review period prior to the hearing.
- j. Each agency under review will be requested to provide a continuity report one year from the completion of the MSR.

## ***II. Sphere of Influence***

### **1. Determinations:**

Among the factors to be considered by LAFCo in determining spheres of influence are the factors enumerated in Section 56425 of the Cortese-Knox Local Government Reorganization Act:

- a. The present and planned land use in the area, including agriculture and open-space lands as determined in the County of San Mateo General Plan, Local Coastal Program and city general plans.
- b. The present and probable need for public facilities and services in the area.
- c. The present capacity of public facilities and adequacy of public services provided by the agency.
- d. Any social or economic communities of interest in the area that the Commission determines are relevant to the agency.
- e. For an update of a sphere of influence of a city or special district that provides public facilities or services related to sewers, municipal and industrial water, or structural fire

protection, the present and probable need for those public facilities and services of any disadvantaged unincorporated communities within the existing sphere of influence.

## **2. Amendments and Updates to Spheres of Influence**

LAFCo will adopt, amend, or update a Sphere of Influence Plan after a public hearing and pursuant to the procedures set forth in Section 56427 of the Cortese-Knox Hertzberg Act. Sphere actions are subject to the provisions of the California Environmental Quality Act. Sphere of Influence Plans shall be reviewed and updated if necessary every five years as needed, or more often if deemed necessary by the Commission. Whenever possible, city sphere updates shall be scheduled to coincide with city General Plan updates.

Updates generally involve comprehensive review of the entire Sphere of Influence Plan, including the map and the information provided in the Municipal Service Review for the agency. Amendments generally involve discrete changes to a Sphere of Influence Map or Plan that are proposed by an agency or individual to accommodate a specific proposal. An amendment may or may not involve changes to the Municipal Service Review information.

An amendment to the Sphere of Influence Plan will be required in the following circumstances:

- i. To modify a sphere by adding or removing territory.
- ii. When a district seeks to provide a new or different function or class of service.
- iii. When a significant change in an agency's plans for service makes the current sphere plan impractical.

### **Conclusion:**

The Commissions Legislative and Policy Committee and staff are in the process of reviewing and updating municipal service review and sphere policies and welcome your input at the May 15, 2019 meeting.

### **Attachments:**

- A. List of Cities and Districts subject to Municipal Service Reviews

**Agencies Subject to Municipal Service Reviews in San Mateo County**

<b>Cities</b>	<b>Independent Special Districts</b>	<b>Dependent Special Districts</b>
City of Belmont	Bayshore Sanitary District	<b><i>Atherton Channel Drainage District</i></b>
City of Brisbane	Broadmoor Police Protection District	<b><i>Baywood Park Drainage Maintenance District</i></b>
City of Burlingame	Coastside County Water District	<b><i>Bel-Aire Lighting Maintenance District</i></b>
City of Daly City	Coastside Fire Protection District	Belmont Fire Protection District
City of East Palo Alto	Colma Fire Protection District	<b><i>Belmont Highway Lighting District</i></b>
City of Foster City	East Palo Alto Sanitary District	<b><i>Burlingame Hills Sewer Maintenance District</i></b>
City of Half Moon Bay	Granada Community Services District	<b><i>Campo-Bello University Park Drainage Maintenance District</i></b>
City of Menlo Park	Highlands Recreation District	<b><i>Colma Highway Lighting District</i></b>
City of Millbrae	Ladera Recreation District	County Service Area No. 1 (Highlands)
City of Pacifica	Menlo Park Fire Protection District	County Service Area No. 10 (Montara Parks)
City of Redwood City	Midpeninsula Regional Open Space District	County Service Area No. 11 (Pescadero)
City of San Bruno	Mid-Peninsula Water District	County Service Area No. 12 (Montara/Moss Beach)
City of San Carlos	Montara Water and Sanitary District	County Service Area No. 6 (Princeton-by-the-Sea)
City of San Mateo	North Coast County Water District	County Service Area No. 7 (Sam McDonald Park)
City of South San Francisco	Peninsula Health Care District	County Service Area No. 8 (North Fair Oaks)
Town of Atherton	San Mateo County Harbor District	<b><i>Crystal Springs County Sanitation District</i></b>
Town of Colma	San Mateo County Mosquito and Vector Control District	<b><i>Devonshire County Sanitation District</i></b>
Town of Hillsborough	San Mateo County Resource Conservation District	<b><i>Edgewood Sewer Maintenance District</i></b>
Town of Portola Valley	Sequoia Healthcare District	<b><i>Emerald Lake Heights Highway Lighting District</i></b>
Town of Woodside	West Bay Sanitary District	<b><i>Emerald Lake Heights Sewer Maintenance District</i></b>
	Westborough Water District	<b><i>Enchanted Hills Drainage Maintenance District</i></b>
	Woodside Fire Protection District	<b><i>Enchanted Hills Lighting Maintenance District</i></b>
		Estero Municipal Improvement District
		<b><i>Fair Oaks Sewer Maintenance District</i></b>
		<b><i>Granada Highway Lighting District</i></b>
		Guadalupe Valley Municipal Improvement District
		<b><i>Harbor Industrial Sewer Maintenance District</i></b>
		<b><i>Highlands Drainage Maintenance District</i></b>
		<b><i>Highlands Landscape Maintenance District</i></b>
		<b><i>Kensington Square Sewer Maintenance District</i></b>
		<b><i>La Honda Lighting Maintenance District</i></b>
		<b><i>Los Trancos County Maintenance District</i></b>
	<b><i>Menlo Park Highway Lighting District</i></b>	
	<b><i>Montara Highway Lighting District</i></b>	
	North San Mateo County Sanitation District	
	<b><i>Oak Knoll Sewer Maintenance District</i></b>	
	<b><i>Pescadero Highway Lighting District</i></b>	
	<b><i>Scenic Heights County Sanitation District</i></b>	
	<b><i>Sequoia Drainage Maintenance District</i></b>	
	<b><i>University Heights Drainage Maintenance District</i></b>	

*Note: Dependent Special Districts that bolded and in italics do not have a Sphere of Influence designation due to their enabling legislation. However, they are included in municipal service reviews*

SAN MATEO



## LOCAL AGENCY FORMATION COMMISSION

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

May 7, 2019

**To:** LAFCo Commissioners  
**From:** Martha Poyatos, Executive Officer *M. Poyatos*  
**Subject:** Legislative Report – Recommended Action

### Summary

The Commission's Legislative and Policy Committee met on April 30 and reviewed 20 measures that CALAFCO was tracking at the time. San Mateo LAFCo has sent three letters of support in favor of AB 213 (Reyes), AB 1253 (Rivas), and AB 1822 (Committee on Local Government). CALAFCO has also requested a letter of support for AB 818 (Cooley) and an opposition letter for AB (600) Chu. The CALAFCo Daily Legislative Report is attached. Staff will be prepared to respond to questions you may have at your meeting.

### Pending Legislation – Requested Position Letters

CALFCO has requested letters of one letter of support and one letter of opposition for two legislative bills. Draft letters reviewed by the Commission's Legislative Committee are attached for your consideration along with the bill text.

- AB 818 (Cooley)

This bill provides a city that incorporates after January 1, 2012, a financial remedy for the loss of Vehicle License Fee (VLF) revenue redirected to local law enforcement pursuant to SB 89 (Committee on Budget and Fiscal Review), Chapter 35, Statutes of 2011).

Specifically, this bill: 1) Establishes a base-year Vehicle License Fee (VLF) adjustment amount for the first year of incorporation for a city incorporating after January 1, 2012, to replicate funds that existed for new cities prior to 2004. In each fiscal year subsequent to incorporation, the VLF adjustment amount is the city's annual change in assessed property values, which is the same formula used to calculate the VLF adjustment amount for cities incorporated prior to 2012. This bill also provides for an additional VLF adjustment amount for the first five years following incorporation.

- AB 600 (Chu)

**COMMISSIONERS:** ANN DRAPER, CHAIR, PUBLIC ▪ JOSHUA COSGROVE, VICE CHAIR, SPECIAL DISTRICT ▪ RICH GARBARINO, CITY ▪ DON HORSLEY, COUNTY ▪ MIKE O'NEILL, CITY ▪ WARREN SLOCUM, COUNTY ▪ RIC LOHMAN, SPECIAL DISTRICT

**ALTERNATES:** KATI MARTIN, SPECIAL DISTRICT ▪ HARVEY RARBACK, CITY ▪ JAMES O'NEILL, PUBLIC ▪ DAVE PINE, COUNTY

**STAFF:** MARTHA POYATOS, EXECUTIVE OFFICER ▪ REBECCA ARCHER, LEGAL COUNSEL ▪ ROB BARTOLI, MANAGEMENT ANALYST

AB 600 is related to disadvantaged unincorporated communities (DUC) and access to public services. CALAFCO has identified a number of concerns related to this legislation. The bill seems to confuse annexations of area by special districts and annexation by cities. It also removes the ability of residents that are part of an annexation that includes a DUC, but do not reside in the DUC area to protest the annexation, which is enshrined and in state law. LAFCo's discretion over annexations is also removed in certain cases. For example, if it is reasonable to extend services to a particular DUC but not to others, this bill prevents the extension of services to the area that can reasonably be serviced. The bill also requires LAFCOs to initiate an annexation or extension of service. LAFCo is authorized only to initiate action to consolidate or dissolve districts and the proposed bill does not give LAFCo the authority to initiate an annexation or extension of service.

The bill was amended on April 29, but still has a number of issues. The bill still allows for an extension of service in lieu of annexation if residents are opposed to annexation. The amendments were not available until after the Commission's Legislative and Policy Committee meeting.

The bill appears, in its amended form, to prohibit LAFCo from approving the annexation of two or more contiguous disadvantaged communities within five years that are individually less than ten acres, but cumulatively more than ten acres. If so, then this language conflicts with existing law which allows for commission policies to guide the commission in determining the size of the area to be annexed.

### **Other Legislative Items**

AB 825 (Mullin), is legislation to form the San Mateo County Flood and Sea Level Rise Resiliency District. This item was heard at the Assembly Local Government Committee on April 24 and was passed by the Committee. Senator Hill is now a co-author of the legislation. If enacted, the enabling legislation of the County-governed Flood Control District would be amended to reorganize the district into independent agency with board members appointed by the County Board of Supervisors and the 20 cities. Reorganization of the flood control district would not be subject to LAFCo review.

### **Recommended Action:**

Receive the report and by motion, provide direction to staff on the one proposed letter of Support and one proposed letter of Opposition.

### **Attachments**

- A. Legislative Daily Report 5/7/2019
- B. San Mateo LAFCo Legislative Tracker
- C. Draft Letter of Support for AB 818 (Cooley) and text
- D. Draft Letter of Opposition for AB 600 (Chu) and text

## CALAFCO Daily Legislative Report as of Tuesday, May 07, 2019

1

**[AB 508](#) (Chu D) Drinking water: consolidation and extension of service: domestic wells.**

**Current Text:** Amended: 5/6/2019 [html](#) [pdf](#)

**Introduced:** 2/13/2019

**Last Amended:** 5/6/2019

**Status:** 5/6/2019-From committee chair, with author's amendments: Amend, and re-refer to Com. on APPR. Read second time and amended.

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

**Summary:**

The California Safe Drinking Water Act requires the State Water Resources Control Board, before ordering consolidation or extension of service, to, among other things, make a finding that consolidation of the receiving water system and subsumed water system or extension of service to the subsumed water system is appropriate and technically and economically feasible. This bill would modify the provision that authorizes consolidation or extension of service if a disadvantaged community is reliant on a domestic well described above to instead authorize consolidation or extension of service if a disadvantaged community, in whole or in part, is reliant on domestic wells that consistently fail to provide an adequate supply of safe drinking water.

**Position:** Watch

**Subject:** Disadvantaged Communities, Water

**CALAFCO Comments:** This bill allows the SWRCB to order an extension of service in the case a disadvantaged community has at least one residence that are reliant on a domestic well that fails to provide safe drinking water. It allows members of the disadvantaged community to petition the SWRCB to initiate the process. It allows the owner of the property to opt out of the extension. The bill also places limitations on fees, charges and terms and conditions imposed as a result of the extension of service. Finally, the extension of service does not require annexation in the cases where that would be appropriate.

**[AB 600](#) (Chu D) Local government: organization: disadvantaged unincorporated communities.**

**Current Text:** Amended: 4/29/2019 [html](#) [pdf](#)

**Introduced:** 2/14/2019

**Last Amended:** 4/29/2019

**Status:** 5/6/2019-Withdrawn from committee. Ordered to second reading.

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

**Calendar:**

5/9/2019 #8 ASSEMBLY SECOND READING FILE -- ASSEMBLY BILLS

**Summary:**

Under current law, an application to annex a contiguous disadvantaged community is not required if, among other things, a local agency formation commission finds that a majority of the registered voters within the disadvantaged unincorporated community are opposed to the annexation, as specified. This bill would additionally 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 disadvantaged unincorporated community would prefer to address the service deficiencies through an extraterritorial service extension.

**Attachments:**

- [CALAFCO Oppose letter 05 07 19](#)
- [LAFCo Oppose letter template 05 07 19](#)
- [CALAFCO Oppose Letter REV April 19, 2019](#)
- [LAFCo Oppose letter template REVISED](#)
- [CALAFCO Oppose Letter April 16, 2019](#)
- [LAFCo Oppose letter template](#)

**Position:** Oppose

**Subject:** Disadvantaged Communities, Water

**CALAFCO Comments:** As amended on April 29, the bill still has a number of issues. The bill still allows for an extension of service in lieu of annexation.

The bill adds (8)(C) to Government Code Section 56375. As written, this section creates confusion and contradicts §56375(8)(A). It appears the intention is to prohibit LAFCo from approving the annexation of two or more contiguous disadvantaged communities within five years that are individually less than ten acres but cumulatively more than ten acres. If so, then this language conflicts with §56375(8)(A), which allows for commission policies to guide the commission in determining the size of the area to be annexed. Further, the term "paragraph" as used in this section creates uncertainty as to what section or subsection is actually being addressed.

The bill does nothing to address the engineering and financial issues that must be solved in order to ensure sustainable service. Further it does not allow for local circumstances and conditions to be considered by offering a "one size fits all" approach.

**AB 1253 (Rivas, Robert D) Local agency formation commissions: grant program.**

**Current Text:** Introduced: 2/21/2019 [html](#) [pdf](#)

**Introduced:** 2/21/2019

**Status:** 4/3/2019-In committee: Set, first hearing. Referred to APPR. suspense file.

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

**Summary:**

This bill would require the Strategic Growth Council, until July 31, 2025, to establish and administer a local agency formation commissions grant program for the payment of costs associated with initiating and completing the dissolution of districts listed as inactive, the payment of costs associated with a study of the services provided within a county by a public agency to a disadvantaged community, as defined, and for other specified purposes, including the initiation of an action, as defined, that is limited to service providers serving a disadvantaged community and is based on determinations found in the study, as approved by the commission. The bill would specify application submission, reimbursement, and reporting requirements for a local agency formation commission to receive grants pursuant to the bill. The bill would require the council, after consulting with the California Association of Local Agency Formation Commissions, to develop and adopt guidelines, timelines, and application and reporting criteria for development and implementation of the program, as specified, and would exempt these guidelines, timelines, and criteria from the rulemaking provisions of the Administrative Procedure Act. The bill would make the grant program subject to an appropriation for the program in the annual Budget Act, and would repeal these provisions on January 1, 2026. This bill contains other existing laws.

**Attachments:**

[LAFCo Support Letter Template](#)

[CALAFCO Support letter Feb 2016](#)

**Position:** Sponsor

**Subject:** Disadvantaged Communities, LAFCo Administration, Municipal Services, Special District Consolidations

**CALAFCO Comments:** This is a CALAFCO sponsored bill following up on the recommendation of the Little Hoover Commission report of 2017 for the Legislature to provide LAFCos one-time grant funding for in-depth studies of potential reorganization of local service providers. Last year, the Governor vetoed AB 2258 - this is the same bill. The Strategic Growth Council (SGC) will administer the grant program. Grant funds will be used specifically for conducting special studies to identify and support opportunities to create greater efficiencies in the provision of municipal services; to potentially initiate actions based on those studies that remove or reduce local costs thus incentivizing local agencies to work with the LAFCo in developing and implementing reorganization plans; and the dissolution of inactive districts (pursuant to SB 448, Wieckowski, 2017). The grant program would sunset on July 31, 2024.

The bill also changes the protest threshold for LAFCo initiated actions, solely for the purposes of actions funded pursuant to this new section. It allows LAFCo to order the dissolution of a district (outside of the ones identified by the SCO) pursuant to Section 11221 of the Elections code, which is a tiered approach based on registered voters in the affected territory (from 30% down to 10% depending).

The focus is on service providers serving disadvantaged communities. The bill also requires LAFCo pay back grant funds in their entirety if the study is not completed within two years and requires the SGC to give preference to LAFCos whose decisions have been aligned with the goals of

sustainable communities strategies.

The fiscal request is \$1.5 million over 5 years. CALAFCO is attempting to get this in the May revise budget so there is no General Fund appropriation (the reason Gov. Brown vetoed the bill).

**AB 1389 (Eggman D) Special districts: change of organization: mitigation of revenue loss.**

**Current Text:** Introduced: 2/22/2019 [html](#) [pdf](#)

**Introduced:** 2/22/2019

**Status:** 5/3/2019-Failed Deadline pursuant to Rule 61(a)(3). (Last location was L. GOV. on 3/14/2019)(May be acted upon Jan 2020)

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

**Summary:**

Would authorize the commission to propose, as part of the review and approval of a proposal for the establishment of new or different functions or class of services, or the divestiture of the power to provide particular functions or class of services, within all or part of the jurisdictional boundaries of a special district, that the special district, to mitigate any loss of property taxes, franchise fees, and other revenues to any other affected local agency, provide payments to the affected local agency from the revenue derived from the proposed exercise of new or different functions or classes of service.

**Position:** Watch

**Subject:** CKH General Procedures

**CALAFCO Comments:** This bill allows LAFCo, when approving a proposal for new or different functions or class of service for a special district, to propose the district provide payments to any affected local agency for taxes, fees or any other revenue that may have been lost as a result of the new service being provided.

**AB 1751 (Chiu D) Water and sewer system corporations: consolidation of service.**

**Current Text:** Amended: 5/1/2019 [html](#) [pdf](#)

**Introduced:** 2/22/2019

**Last Amended:** 5/1/2019

**Status:** 5/2/2019-Re-referred to Com. on APPR.

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

**Summary:**

Current law authorizes the State Water Resources Control Board to order consolidation of public water systems where a public water system or state small water system serving a disadvantaged community consistently fails to provide an adequate supply of safe drinking water, as provided. This bill, the Consolidation for Safe Drinking Water Act of 2019, would authorize a water or sewer system corporation to file an application and obtain approval from the commission through an order authorizing consolidation with a public water system or state small water system, or to implement rates for the subsumed water system.

**Position:** Watch

**Subject:** Water

**CALAFCO Comments:** This bill allows for water (public or state small) or sewer systems corps to file an application for consolidation with the SWRCB.

**AB 1822 (Committee on Local Government) Local Government: omnibus.**

**Current Text:** Amended: 4/8/2019 [html](#) [pdf](#)

**Introduced:** 3/11/2019

**Last Amended:** 4/8/2019

**Status:** 5/6/2019-Read second time. Ordered to Consent Calendar.

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

**Calendar:**

5/9/2019 #110 ASSEMBLY CONSENT CALENDAR 1ST DAY-ASSEMBLY BILLS

**Summary:**

Current law requires a commission to develop and determine the sphere of influence of each city and each special district within the county and enact policies designed to promote the logical and orderly development of areas within each sphere. Current law requires the commission, in order to prepare and update spheres of influence in accordance with this requirement, to conduct a service

review of the municipal services provided in the county or other appropriate area designated by the commission, as specified. Current law defines "sphere of influence" to mean a plan for the probable physical boundaries and service area of a local agency. Current law defines the term "service" for purposes of the act to mean a specific governmental activity established within, and as a part of, a general function of the special district, as specified. This bill would revise the definition of the term "service" for these purposes to mean a specific governmental activity established within, and as a part of, a function of the local agency.

**Attachments:**

[CALAFCO Support letter April 16, 2019](#)

[LAFCo Support letter template](#)

**Position:** Sponsor

**Subject:** LAFCo Administration

**CALAFCO Comments:** This is the annual Omnibus bill.

**[SB 272](#) ([Morrell R](#)) Fire Protection District Law of 1987.**

**Current Text:** Amended: 4/4/2019 [html](#) [pdf](#)

**Introduced:** 2/13/2019

**Last Amended:** 4/4/2019

**Status:** 5/3/2019-Failed Deadline pursuant to Rule 61(a)(3). (Last location was GOV. & F. on 2/21/2019)(May be acted upon Jan 2020)

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

**Summary:**

The Fire Protection District Law of 1987 provides that whenever a district board determines that it is in the public interest to provide different services, to provide different levels of service, or to raise additional revenues within specific areas of the district, it may form one or more service zones by adopting a resolution that includes specified information, fixing the date, time, and place for public hearing on the formation of the zone, publishing notice, as specified, hearing and considering any protests to the formation of the zone at the hearing, and, at the conclusion of the hearing, adopting a resolution ordering the formation of the zone. If a resolution adopted after the public hearing would substantially expand the provision of services outside of an existing service zone and the extension of service would result in those persons in the expanded area paying charges for the expansion of services, this bill would provide that the resolution does not become effective unless approved by a majority of the voters within the expanded service area.

**Position:** Watch

**CALAFCO Comments:** As amended, the bill amends the Health & Safety code regarding the formation of zones within a fire protection district by requiring the district hold an election, regardless of the protest level, if the district wants to substantially expand (as defined in the bill) services outside the zone. This is unrelated to 56133. CALAFCO will retain a Watch position.

**[SB 414](#) ([Caballero D](#)) Small System Water Authority Act of 2019.**

**Current Text:** Amended: 4/4/2019 [html](#) [pdf](#)

**Introduced:** 2/20/2019

**Last Amended:** 4/4/2019

**Status:** 4/22/2019-April 22 hearing: Placed on APPR. suspense file.

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

**Summary:**

Would create the Small System Water Authority Act of 2019 and state legislative findings and declarations relating to authorizing the creation of small system water authorities that will have powers to absorb, improve, and competently operate noncompliant public water systems. The bill, no later than March 1, 2020, would require the state board to provide written notice to cure to all public agencies, private water companies, or mutual water companies that operate a public water system that has either less than 3,000 service connections or that serves less than 10,000 people, and are not in compliance, for the period from July 1, 2018, through December 31, 2019, with one or more state or federal primary drinking water standard maximum contaminant levels, as specified.

**Position:** Support

**Subject:** Water

**CALAFCO Comments:** This bill is very similar to AB 2050 (Caballero) from 2018. Several changes have been made. This bill is sponsored by Eastern Municipal Water District and the CA Municipal

Utilities Assoc. The intent is to give the State Water Resources Control Board (SWRCB) authority to mandate the dissolution of existing drinking water systems (public, mutual and private) and authorize the formation of a new public water authority. The focus is on non contiguous systems. The SWRCB already has the authority to mandate consolidation of these systems, this will add the authority to mandate dissolution and formation of a new public agency.

LAFCo will be responsible for dissolving any state mandated public agency dissolution, and the formation of the new water authority. The SWRCB's appointed Administrator will act as the applicant on behalf of the state. LAFCo will have ability to approve with modifications the application, and the new agency will have to report to the LAFCo annually for the first 3 years.

**[SB 646](#) (Morrell R) Local agency utility services: extension of utility services.**

**Current Text:** Amended: 4/11/2019 [html](#) [pdf](#)

**Introduced:** 2/22/2019

**Last Amended:** 4/11/2019

**Status:** 5/6/2019-From committee: Do pass as amended. (Ayes 7. Noes 0.) (May 1).

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

**Calendar:**

5/9/2019 #57 SENATE SENATE BILLS - SECOND READING FILE

**Summary:**

The Mitigation Fee Act, among other things, requires fees for water or sewer connections, or capacity charges imposed by a local agency to not exceed the estimated reasonable cost of providing the service for which the fee or charge is imposed, unless a question regarding the amount of the fee or charge imposed in excess of the reasonable cost of providing the service or materials is submitted to and approved by 2/3 of the electors voting on the issue. This bill would state that a fee or charge for the extension of water or sewer service may not be utilized for facilities or services other than those for which the fee or charge is imposed.

**Position:** Neutral

**Subject:** CKH General Procedures

**CALAFCO Comments:** UPDATE AS OF THE 4/11/19 AMENDMENTS: These amendments address all of our concerns and the bill now only addresses fees.

This bill does 3 things. (1) Seeks to add a provision to 56133 that requires LAFCo to approve an extension of service regardless of whether a future annexation is anticipated or not. It further requires the service provider to extend the provision of service to a property owner regardless of a whether there is a pending annexation or pre-annexation agreement. The newly proposed subsection directly contradicts subsection (b). (2) Changes the definition of "fee" by requiring the new fee "is of proportional benefit to the person or property being charged." There is no reasonable definition or application of "proportional benefit". (3) Narrows the scope of application of Section 56133 to water or sewer service; and prohibits the service provider to charge higher fees and charges to those outside the jurisdictional boundaries.

---

**2**

---

**[AB 213](#) (Reyes D) Local government finance: property tax revenue allocations: vehicle license fee adjustments.**

**Current Text:** Introduced: 1/15/2019 [html](#) [pdf](#)

**Introduced:** 1/15/2019

**Status:** 4/10/2019-In committee: Set, first hearing. Referred to APPR. suspense file.

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

**Summary:**

Would, for the 2019–20 fiscal year, require the vehicle license fee adjustment amount to be the sum of the vehicle license fee adjustment amount in the 2018–19 fiscal year, the product of that sum and the percentage change in gross taxable assessed valuation within the jurisdiction of that entity between the 2018–19 fiscal year to the 2018–19 fiscal year, and the product of the amount of specified motor vehicle license fee revenues that the Controller allocated to the applicable city in July 2010 and 1.17.

**Attachments:**

[CALAFCO Support Letter](#)

**Position:** Support

**Subject:** Tax Allocation

**CALAFCO Comments:** Sponsored by the League, this bill will reinstate ERAF funding for inhabited annexations. This bill is the same as AB 2268 (Reyes) from last year.

**AB 818 (Cooley D) Local government finance: vehicle license fee adjustment amounts.**

**Current Text:** Introduced: 2/20/2019 [html](#) [pdf](#)

**Introduced:** 2/20/2019

**Status:** 4/3/2019-In committee: Set, first hearing. Referred to APPR. suspense file.

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

**Summary:**

Current property tax law, for the 2006–07 fiscal year, and for each fiscal year thereafter, requires the vehicle license fee adjustment amount to be the sum of the vehicle license fee adjustment amount for the prior fiscal year, if specified provisions did not apply, and the product of the amount as so described and the percentage change from the prior fiscal year in the gross taxable valuation within the jurisdiction of the entity. Current law establishes a separate vehicle license fee adjustment amount for a city that was incorporated after January 1, 2004, and on or before January 1, 2012. This bill would establish a separate vehicle license fee adjustment amount for a city incorporating after January 1, 2012, including an additional separate vehicle license fee adjustment amount for the first fiscal year of incorporation and for the next 4 fiscal years thereafter.

**Attachments:**

[LAFCo Support letter template](#)

[CALAFCO Support March 2019](#)

**Position:** Support

**Subject:** Financial Viability of Agencies

**CALAFCO Comments:** Sponsored by the League, this bill will reinstate ERAF funding for cities incorporating after 2018. This is the same bill as AB 2491 from 2018.

**AB 1304 (Waldron R) Water supply contract: Native American tribes.**

**Current Text:** Amended: 5/6/2019 [html](#) [pdf](#)

**Introduced:** 2/22/2019

**Last Amended:** 5/6/2019

**Status:** 5/6/2019-Read second time and amended. Ordered returned to second reading.

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

**Calendar:**

5/9/2019 #2 ASSEMBLY SECOND READING FILE -- ASSEMBLY BILLS

**Summary:**

Current law provides for the establishment and operations of various water districts. This bill would specifically authorize a water district, as defined, to enter into a contract with a Native American tribe to receive water deliveries from an infrastructure project on tribal lands. The bill would repeal its provisions on January 1, 2025.

**Position:** Watch

**Subject:** Municipal Services, Water

**CALAFCO Comments:** This bill amends the water code to allow a Native American tribe to sell/deliver water to a water district (as defined in the water code section 20200). The bill sunsets on January 1, 2025.

**SB 379 (Committee on Governance and Finance) Validations.**

**Current Text:** Introduced: 2/20/2019 [html](#) [pdf](#)

**Introduced:** 2/20/2019

**Status:** 5/2/2019-Referred to Com. on L. GOV.

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 2019, 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 March 2019](#)**Position:** Support**Subject:** LAFCo Administration**CALAFCO Comments:** This is one of three annual validating acts.**SB 380 (Committee on Governance and Finance) Validations.****Current Text:** Introduced: 2/20/2019 [html](#) [pdf](#)**Introduced:** 2/20/2019**Status:** 5/2/2019-Referred to Com. on L. GOV.

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

**Summary:**

This bill would enact the Second Validating Act of 2019, 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 March 2019](#)**Position:** Support**Subject:** LAFCo Administration**CALAFCO Comments:** This is one of three annual validating acts.**SB 381 (Committee on Governance and Finance) Validations.****Current Text:** Introduced: 2/20/2019 [html](#) [pdf](#)**Introduced:** 2/20/2019**Status:** 5/2/2019-Referred to Com. on L. GOV.

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

**Summary:**

This bill would enact the Third Validating Act of 2019, 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 March 2019](#)**Position:** Support**Subject:** LAFCo Administration**CALAFCO Comments:** This is one of three annual validating acts.

---

3

---

**AB 134 (Bloom D) Safe Drinking Water Restoration.****Current Text:** Amended: 5/1/2019 [html](#) [pdf](#)**Introduced:** 12/5/2018**Last Amended:** 5/1/2019**Status:** 5/2/2019-Re-referred to Com. on APPR.

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

**Calendar:**

5/8/2019 9 a.m. - State Capitol, Room 4202 ASSEMBLY APPROPRIATIONS, GONZALEZ, Chair

**Summary:**

Would, by July 1 of each year, would require the State Water Resources Control Board to adopt an assessment of need for state financial assistance to provide safe drinking water that identifies failed water systems throughout the state. The bill would require the assessment of need to prioritize the systems with the most urgent need for state financial assistance in light of specified factors. The bill would require each regional engineer to arrange for a prescribed comprehensive assessment of each failed water system in the region of the drinking water regional office to be completed within 2 years of the board identifying the failed water system in the assessment of need.

**Position:** Watch  
**Subject:** Water

**[AB 530](#) ([Aguiar-Curry D](#)) **The Fairfield-Suisun Sewer District.****

**Current Text:** Amended: 4/22/2019 [html](#) [pdf](#)

**Introduced:** 2/13/2019

**Last Amended:** 4/22/2019

**Status:** 4/25/2019-Read third time. Urgency clause adopted. Passed. Ordered to the Senate. In Senate. Read first time. To Com. on RLS. for assignment.

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

**Summary:**

The Fairfield-Suisun Sewer District Act creates the Fairfield-Suisun Sewer District and grants to the district various powers relating to the treatment and disposal of sewage. The current act provides for the election of a board of directors for the district and administrative procedures for the operation of the district. Violation of regulations adopted by the board is a misdemeanor. This bill would make various administrative changes to the act, including removing the requirement that the district appoint a clerk and changing the posting requirements for regulations.

**Position:** Watch

**Subject:** Special District Powers, Special Districts Governance

**CALAFCO Comments:** This bill makes administrative changes to this special act district. It also allows for an extension of service pursuant to 56133 (keeping that LAFCo process intact).

**[AB 1053](#) ([Dahle R](#)) **Fallen Leaf Lake Community Service District.****

**Current Text:** Amended: 3/25/2019 [html](#) [pdf](#)

**Introduced:** 2/21/2019

**Last Amended:** 3/25/2019

**Status:** 5/6/2019-Read second time. Ordered to third reading.

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

**Calendar:**

5/9/2019 #99 ASSEMBLY THIRD READING FILE - ASSEMBLY BILLS

**Summary:**

Would prohibit, on and after January 1, 2020, the Fallen Leaf Lake Community Services District from providing any services or facilities except fire protection, including medical response and emergency services, and parks and recreation services or facilities.

**Position:** Watch

**CALAFCO Comments:** CALAFCO will watch this bill to determine if the outcome of the State Audit on this district will have an impact on all CSDs.

**[AB 1457](#) ([Reyes D](#)) **Omnitrans Transit District.****

**Current Text:** Amended: 4/11/2019 [html](#) [pdf](#)

**Introduced:** 2/22/2019

**Last Amended:** 4/11/2019

**Status:** 4/23/2019-From committee: Do pass and re-refer to Com. on APPR. (Ayes 12. Noes 0.) (April 22). Re-referred to Com. on APPR.

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

**Summary:**

Would create the Omnitrans Transit District in the County of San Bernardino. The bill would provide that the jurisdiction of the district would initially include the Cities of Chino, Chino Hills, Colton, Fontana, Grand Terrace, Highland, Loma Linda, Montclair, Ontario, Rancho Cucamonga, Redlands, Rialto, San Bernardino, Upland, and Yucaipa, and specified portions of the unincorporated areas of the County of San Bernardino. The bill would authorize other cities in the County of San Bernardino to subsequently join the district.

**Attachments:**

[CALAFCO Oppose unless amended letter April 2019](#)

**Position:** Oppose unless amended

**CALAFCO Comments:** This is a special act district formation. The bill takes what is currently a JPA and transforms it into a special district. The bill specifically addresses annexations and

detachments and dissolution processes that do not include LAFCo. Also of concern is the lack of specificity in the process for adding new board members when a territory is annexed.

**[SB 654](#) (Moorlach R) Local government: planning.**

**Current Text:** Introduced: 2/22/2019 [html](#) [pdf](#)

**Introduced:** 2/22/2019

**Status:** 3/14/2019-Referred to Com. on RLS.

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, makes certain findings and declarations relating to local government organizations, including, among other things, the encouragement of orderly growth and development, and the logical formation and modification of the boundaries of local agencies, as specified. This bill would make nonsubstantive changes to these findings and declarations.

**Position:** Watch

**CALAFCO Comments:** This is a spot bill. The author indicates he has no plans to use this for LAFCo law.

**[SB 780](#) (Committee on Governance and Finance) Local Government Omnibus Act of 2019.**

**Current Text:** Amended: 4/11/2019 [html](#) [pdf](#)

**Introduced:** 2/28/2019

**Last Amended:** 4/11/2019

**Status:** 5/3/2019-Set for hearing May 13.

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

**Calendar:**

5/13/2019 10 a.m. - John L. Burton Hearing Room (4203)

SENATE APPROPRIATIONS, PORTANTINO, Chair

**Summary:**

Current law requires the governing body of a public agency, within 70 days after the commencement of the agency's legal existence, to file with the Secretary of State, on a form prescribed by the secretary, and also with the county clerk of each county in which the public agency maintains an office, a specified statement of facts about the agency. Current law requires this information to be updated within 10 days of a change in it. Current law requires the Secretary of State and each county clerk to establish and maintain an indexed Roster of Public Agencies that contains this information. This bill would instead require the Secretary of State and each county clerk to establish and maintain an indexed Registry of Public Agencies containing the above-described information.

**Position:** Watch

**CALAFCO Comments:** This is the Senate Governance & Finance Committee's annual Omnibus bill.

Total Measures: 21

Total Tracking Forms: 21

5/7/2019 1:22:00 PM

2019 Legislative Tracker

Bill Number	Sponsor	Title	CALAFCO Position	San Mateo LAFCo Position	Letter Requested	Letter Sent	Date Sent
AB 825	Mullin	<i>San Mateo County Flood and Sea Level Rise Resiliency District.</i>	N/A				
SB 646	Morrell	<i>Local agency utility services: extension of utility services.</i>	Neutral				
AB 600	Chu	<i>Local government: organization: disadvantaged unincorporated communities.</i>	Oppose		Yes		
AB 1457	Reyes	<i>Omnitrans Transit District.</i>	Oppose unless amended				
AB 1253	Rivas	<i>Local agency formation commissions: grant program.</i>	Sponsor	Support	Yes	Yes	3/20/2019
AB 1822	Committee on Local Government	<i>Local Government: omnibus.</i>	Sponsor	Support	Yes	Yes	4/18/2019
AB 213	Reyes	<i>Local government finance: property tax revenue allocations: vehicle license fee adjustments.</i>	Support	Support	Yes	Yes	3/20/2019
AB 818	Cooley	<i>Local government finance: vehicle license fee adjustment amounts.</i>	Support		Yes		
SB 379	Committee on Governance and Finance	<i>Validations</i>	Support				
SB 380	Committee on Governance and Finance	<i>Validations</i>	Support				
SB 381	Committee on Governance and Finance	<i>Validations</i>	Support				
AB 1053	Dahle	<i>Fallen Leaf Lake Community Service District.</i>	Watch				
AB 1304	Waldron	<i>Water supply contract: Native American tribes.</i>	Watch				
AB 1389	Eggman	<i>Special districts: change of organization: mitigation of revenue loss.</i>	Watch				
AB 1751	Chiu	<i>Water and sewer system corporations: consolidation of service.</i>	Watch				
AB 508	Chu	<i>Drinking water: consolidation and extension of service: domestic wells.</i>	Watch				
AB 530	Aguiar-Curry	<i>The Fairfield-Suisun Sewer District.</i>	Watch				
SB 272	Morrell	<i>Fire Protection District Law of 1987.</i>	Watch				
SB 414	Caballero	<i>Small System Water Authority Act of 2019.</i>	Watch				
SB 654	Moorlach	<i>Local government: planning.</i>	Watch				
SB 780	Committee on Governance and Finance	<i>Local Government Omnibus Act of 2019.</i>	Watch				



# LOCAL AGENCY FORMATION COMMISSION

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

xxx, 2019

Assembly Member Ken Cooley  
California State Assembly  
State Capital Room 3013  
Sacramento, CA 95814

Subject: **Support of AB 818**

Dear Assembly Member Cooley:

The San Mateo Local Agency Formation Commission (LAFCo) is pleased to support Assembly Bill 818, which would assist the fiscal viability of future city incorporations that meet all other state requirements.

The vehicle License Fee (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. For the past seven years, no new cities have incorporated. Given the growing population in our state and the need for orderly growth and adequate service provision, this policy issue needs to be addressed.

AB 818 by no means guarantees that a community wishing to incorporate will become a city. In order to incorporate, local communities have to overcome many hurdles, including compliance with state LAFCo policies, negotiations with counties, and ultimately a public vote. This bill simply gives communities considering incorporation the same opportunity to incorporate that other California cities have previously had. Related Legislation, AB 213 (Reyes) of this legislative session, modifies the VLF adjustment amount formula to include inhabited territory in existing and future city annexations. AB 213 is pending hearing in the Assembly Local Government Committee.

In 2017, the Legislature addressed the financial harm caused by SB 89 (2011) to four recently incorporated cities via the passage of SB 130 (Budget). SB 130 provides the legislature a template to address the fiscal viability of future incorporation. AB 818 adopts the template provided by SB 130 and extends the remedy to future incorporations. AB 818 provides the same option for any future incorporations. While incorporations of new cities in San Mateo County are not likely, San Mateo LAFCo recognizes the importance of this bill for other communities in California.

Reinstating revenues for incorporations is consistent with policies of providing communities with local governance and efficient service delivery options, including the ability to incorporate. The inability to do

**COMMISSIONERS:** ANN DRAPER, CHAIR, PUBLIC ▪ JOSHUA COSGROVE, VICE CHAIR, SPECIAL DISTRICT ▪ RICH GARBARINO, CITY ▪ DON HORSLEY, COUNTY ▪ MIKE O'NEILL, CITY ▪ WARREN SLOCUM, COUNTY ▪ RIC LOHMAN, SPECIAL DISTRICT

**ALTERNATES:** KATI MARTIN, SPECIAL DISTRICT ▪ HARVEY RARBACK, CITY ▪ JAMES O'NEILL, PUBLIC ▪ DAVE PINE, COUNTY

**STAFF:** MARTHA POYATOS, EXECUTIVE OFFICER ▪ REBECCA ARCHER, LEGAL COUNSEL ▪ ROB BARTOLI, MANAGEMENT ANALYST

The Honorable Ken Cooley, Assemblymember  
xxx, 2019  
Page 2

so creates a tremendous detriment to the creation of logical boundaries and to the prevention of urban sprawl. Because AB 818 reinstates a critical funding component to future cities incorporating, San Mateo LAFCo supports this bill.

Please do not hesitate to contact me with any questions you may have on our position.

Sincerely,

Martha Poyatos  
Executive Officer

Cc: Senator Scott Weiner, District 11  
Senator Jerry Hill, District 13  
Assembly Member Phil Ting, District 19  
Assembly Member Kevin Mullin, District 22  
Assembly Member Marc Berman, District 24  
Jimmy MacDonald, Consultant, Assembly Local Government Committee  
William Weber, Consultant, Assembly Republican Caucus  
Pamela Miller, Executive Director, CALAFCO

**AB-818 Local government finance: vehicle license fee adjustment amounts.** (2019-2020)

SHARE THIS:



Date Published: 02/20/2019 09:00 PM

CALIFORNIA LEGISLATURE— 2019–2020 REGULAR SESSION

**ASSEMBLY BILL****No. 818****Introduced by Assembly Members Cooley and Quirk****February 20, 2019**

An act to amend Section 97.70 of the Revenue and Taxation Code, relating to local government finance.

**LEGISLATIVE COUNSEL'S DIGEST**

AB 818, as introduced, Cooley. Local government finance: vehicle license fee adjustment amounts.

Existing 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 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.

Existing property tax law also requires that, for purposes of determining property tax revenue allocations in each county for the 1992–93 and 1993–94 fiscal years, the amounts of property tax revenue deemed allocated in the prior fiscal year to the county, cities, and special districts be reduced in accordance with certain formulas. It requires that the revenues not allocated to the county, cities, and special districts as a result of these reductions be transferred to the Educational Revenue Augmentation Fund in that county for allocation to school districts, community college districts, and the county office of education.

Beginning with the 2004–05 fiscal year and for each fiscal year thereafter, existing property tax 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. Existing law requires that these additional allocations be funded from ad valorem property tax revenues otherwise required to be allocated to educational entities. Existing property tax law, for the 2006–07 fiscal year, and for each fiscal year thereafter, requires the vehicle license fee adjustment amount to be the sum of the vehicle license fee adjustment amount for the prior fiscal year, if specified provisions did not apply, and the product of the amount as so described and the percentage change from the prior fiscal year in the gross taxable valuation within the jurisdiction of the entity. Existing law establishes a separate vehicle license fee adjustment amount for a city that was incorporated after January 1, 2004, and on or before January 1, 2012.

This bill would establish a separate vehicle license fee adjustment amount for a city incorporating after January 1, 2012, including an additional separate vehicle license fee adjustment amount for the first fiscal year of incorporation and for the next 4 fiscal years thereafter.

By imposing additional duties upon local tax officials with respect to the allocation of ad valorem property tax revenues, this bill would impose a state-mandated local program.

The California Constitution requires the state to reimburse local agencies and school districts for certain costs mandated by the state. Statutory provisions establish procedures for making that reimbursement.

This bill would provide that, if the Commission on State Mandates determines that the bill contains costs mandated by the state, reimbursement for those costs shall be made pursuant to the statutory provisions noted above.

Vote: majority Appropriation: no Fiscal Committee: yes Local Program: yes

## THE PEOPLE OF THE STATE OF CALIFORNIA DO ENACT AS FOLLOWS:

**SECTION 1.** Section 97.70 of the Revenue and Taxation Code is amended to read:

**97.70.** Notwithstanding any other law, for the 2004–05 fiscal year and for each fiscal year thereafter, all of the following apply:

(a) (1) (A) The auditor shall reduce the total amount of ad valorem property tax revenue that is otherwise required to be allocated to a county's Educational Revenue Augmentation Fund by the countywide vehicle license fee adjustment amount.

(B) If, for the fiscal year, after complying with Section 97.68 there is not enough ad valorem property tax revenue that is otherwise required to be allocated to a county Educational Revenue Augmentation Fund for the auditor to complete the allocation reduction required by subparagraph (A), the auditor shall additionally reduce the total amount of ad valorem property tax revenue that is otherwise required to be allocated to all school districts and community college districts in the county for that fiscal year by an amount equal to the difference between the countywide vehicle license fee adjustment amount and the amount of ad valorem property tax revenue that is otherwise required to be allocated to the county Educational Revenue Augmentation Fund for that fiscal year. This reduction for each school district and community college district in the county shall be the percentage share of the total reduction that is equal to the proportion that the total amount of ad valorem property tax revenue that is otherwise required to be allocated to the school district or community college district bears to the total amount of ad valorem property tax revenue that is otherwise required to be allocated to all school districts and community college districts in a county. For purposes of this subparagraph, "school districts" and "community college districts" do not include any districts that are excess tax school entities, as defined in Section 95.

(2) The countywide vehicle license fee adjustment amount shall be allocated to the Vehicle License Fee Property Tax Compensation Fund that shall be established in the treasury of each county.

(b) (1) The auditor shall allocate moneys in the Vehicle License Fee Property Tax Compensation Fund according to the following:

(A) Each city in the county shall receive its vehicle license fee adjustment amount.

(B) Each county and city and county shall receive its vehicle license fee adjustment amount.

(2) The auditor shall allocate one-half of the amount specified in paragraph (1) on or before January 31 of each fiscal year, and the other one-half on or before May 31 of each fiscal year.

(c) For purposes of this section, all of the following apply:

(1) "Vehicle license fee adjustment amount" for a particular city, county, or a city and county means, subject to an adjustment under paragraph (2) and Section 97.71, all of the following:

(A) For the 2004–05 fiscal year, an amount equal to the difference between the following two amounts:

(i) The estimated total amount of revenue that would have been deposited to the credit of the Motor Vehicle License Fee Account in the Transportation Tax Fund, including any amounts that would have been certified to the

Controller by the auditor of the County of Ventura under subdivision (j) of Section 98.02, as that section read on January 1, 2004, for distribution under the law as it read on January 1, 2004, to the county, city and county, or city for the 2004–05 fiscal year if the fee otherwise due under the Vehicle License Fee Law (Part 5 (commencing with Section 10701) of Division 2) was 2 percent of the market value of a vehicle, as specified in Sections 10752 and 10752.1 as those sections read on January 1, 2004.

(ii) The estimated total amount of revenue that is required to be distributed from the Motor Vehicle License Fee Account in the Transportation Tax Fund to the county, city and county, and each city in the county for the 2004–05 fiscal year under Section 11005, as that section read on the operative date of the act that amended this clause.

(B) (i) Subject to an adjustment under clause (ii), for the 2005–06 fiscal year, the sum of the following two amounts:

(I) The difference between the following two amounts:

(ia) The actual total amount of revenue that would have been deposited to the credit of the Motor Vehicle License Fee Account in the Transportation Tax Fund, including any amounts that would have been certified to the Controller by the auditor of the County of Ventura under subdivision (j) of Section 98.02, as that section read on January 1, 2004, for distribution under the law as it read on January 1, 2004, to the county, city and county, or city for the 2004–05 fiscal year if the fee otherwise due under the Vehicle License Fee Law (Part 5 (commencing with Section 10701) of Division 2) was 2 percent of the market value of a vehicle, as specified in Sections 10752 and 10752.1 as those sections read on January 1, 2004.

(ib) The actual total amount of revenue that was distributed from the Motor Vehicle License Fee Account in the Transportation Tax Fund to the county, city and county, and each city in the county for the 2004–05 fiscal year under Section 11005, as that section read on the operative date of the act that amended this subsubclause.

(II) The product of the following two amounts:

(ia) The amount described in subclause (I).

(ib) The percentage change from the prior fiscal year to the current fiscal year in gross taxable assessed valuation within the jurisdiction of the entity, as reflected in the equalized assessment roll for those fiscal years. For the first fiscal year for which a change in a city's jurisdictional boundaries first applies, the percentage change in gross taxable assessed valuation from the prior fiscal year to the current fiscal year shall be calculated solely on the basis of the city's previous jurisdictional boundaries, without regard to the change in that city's jurisdictional boundaries. For each following fiscal year, the percentage change in gross taxable assessed valuation from the prior fiscal year to the current fiscal year shall be calculated on the basis of the city's current jurisdictional boundaries.

(ii) The amount described in clause (i) shall be adjusted as follows:

(I) If the amount described in subclause (I) of clause (i) for a particular city, county, or city and county is greater than the amount described in subparagraph (A) for that city, county, or city and county, the amount described in clause (i) shall be increased by an amount equal to this difference.

(II) If the amount described in subclause (I) of clause (i) for a particular city, county, or city and county is less than the amount described in subparagraph (A) for that city, county, or city and county, the amount described in clause (i) shall be decreased by an amount equal to this difference.

(C) For the 2006–07 fiscal year and for each fiscal year thereafter, the sum of the following two amounts:

(i) The vehicle license fee adjustment amount for the prior fiscal year, if Section 97.71 and clause (ii) of subparagraph (B) did not apply for that fiscal year, for that city, county, and city and county.

(ii) The product of the following two amounts:

(I) The amount described in clause (i).

(II) The percentage change from the prior fiscal year to the current fiscal year in gross taxable assessed valuation within the jurisdiction of the entity, as reflected in the equalized assessment roll for those fiscal years. For the first fiscal year for which a change in a city's jurisdictional boundaries first applies, the percentage change in gross taxable assessed valuation from the prior fiscal year to the current fiscal year shall be calculated solely on the basis of the city's previous jurisdictional boundaries, without regard to the change in that city's

jurisdictional boundaries. For each following fiscal year, the percentage change in gross taxable assessed valuation from the prior fiscal year to the current fiscal year shall be calculated on the basis of the city's current jurisdictional boundaries.

(2) Notwithstanding paragraph (1), "vehicle license fee adjustment amount," for a city incorporating after January 1, 2004, and on or before January 1, 2012, means the following:

(A) For the 2017–18 fiscal year, the quotient derived from the following fraction:

(i) The numerator is the product of the following two amounts:

(I) The sum of the most recent vehicle license fee adjustment amounts determined for all cities in the county.

(II) The population of the incorporating city.

(ii) The denominator is the sum of the populations of all cities in the county.

(B) For the 2018–19 fiscal year, and for each fiscal year thereafter, the sum of the following two amounts:

(i) The vehicle license fee adjustment amount for the prior fiscal year.

(ii) The product of the following two amounts:

(I) The amount described in clause (i).

(II) The percentage change from the prior fiscal year to the current fiscal year in gross taxable assessed valuation within the jurisdiction of the entity, as reflected in the equalized assessment roll for those fiscal years.

*(3) Notwithstanding paragraph (1), "vehicle license fee adjustment amount," for a city incorporating after January 1, 2012, means the following:*

*(A) (i) For the first fiscal year of incorporation, the quotient derived from the following fraction:*

*(I) The numerator is the product of the following two amounts:*

*(ia) The sum of the most recent vehicle license fee adjustment amounts determined for all cities in the county.*

*(ib) The population of the incorporating city.*

*(II) The denominator is the sum of the population of all cities in the county other than the incorporating city.*

*(ii) For the second fiscal year of incorporation, and for each fiscal year thereafter, the sum of the following two amounts:*

*(I) The vehicle license fee adjustment amount determined for the incorporating city for the prior fiscal year.*

*(II) The product of the following two amounts:*

*(ia) The amount described in subclause (I).*

*(ib) The percentage change from the prior fiscal year to the current fiscal year in gross taxable assessed valuation within the jurisdiction of the incorporating city, as reflected in the equalized assessment roll for those fiscal years.*

*(B) In addition to the amount provided in subparagraph (A), for the first fiscal year of incorporation, and for the next four fiscal years thereafter, the product of the following two amounts:*

*(i) The amount determined in clause (i) of subparagraph (A).*

*(ii) The quotient derived from the following fraction:*

*(I) The numerator is the difference between the number of registered voters in the city on the effective date of its incorporation multiplied by three and the actual current population of the city.*

*(II) The denominator is the current population of the city.*

*(⇒)*

(4) For the 2013–14 fiscal year, the vehicle license fee adjustment amount that is determined under subparagraph (C) of paragraph (1) for the County of Orange shall be increased by fifty-three million dollars (\$53,000,000). For the 2014–15 fiscal year and each fiscal year thereafter, the calculation of the vehicle license fee adjustment amount for the County of Orange under subparagraph (C) of paragraph (1) shall be based on a prior fiscal year amount that reflects the full amount of this one-time increase of fifty-three million dollars (\$53,000,000).

~~(4)~~

(5) "Countywide vehicle license fee adjustment amount" means, for any fiscal year, the total sum of the amounts described in paragraphs (1), (2), (3), and ~~(3)~~ (4) for a county or city and county, and each city in the county.

~~(5)~~

(6) On or before June 30 of each fiscal year, the auditor shall report to the Controller the vehicle license fee adjustment amount for the county and each city in the county for that fiscal year.

(d) For the 2005–06 fiscal year and each fiscal year thereafter, the amounts determined under subdivision (a) of Section 96.1, or any successor to that provision, shall not reflect, for a preceding fiscal year, any portion of any allocation required by this section.

(e) For purposes of Section 15 of Article XI of the California Constitution, the allocations from a Vehicle License Fee Property Tax Compensation Fund constitute successor taxes that are otherwise required to be allocated to counties and cities, and as successor taxes, the obligation to make those transfers as required by this section shall not be extinguished nor disregarded in any manner that adversely affects the security of, or the ability of, a county or city to pay the principal and interest on any debts or obligations that were funded or secured by that city's or county's allocated share of motor vehicle license fee revenues.

(f) This section shall not be construed to do any of the following:

(1) Reduce any allocations of excess, additional, or remaining funds that would otherwise have been allocated to county superintendents of schools, cities, counties, and cities and counties pursuant to clause (i) of subparagraph (B) of paragraph (4) of subdivision (d) of Sections 97.2 and 97.3 or Article 4 (commencing with Section 98) had this section not been enacted. The allocations required by this section shall be adjusted to comply with this paragraph.

(2) Require an increased ad valorem property tax revenue allocation or increased tax increment allocation to a community redevelopment agency.

(3) Alter the manner in which ad valorem property tax revenue growth from fiscal year to fiscal year is otherwise determined or allocated in a county.

(4) Reduce ad valorem property tax revenue allocations required under Article 4 (commencing with Section 98).

(g) Tax exchange or revenue sharing agreements, entered into prior to the operative date of this section, between local agencies or between local agencies and nonlocal agencies are deemed to be modified to account for the reduced vehicle license fee revenues resulting from the act that added this section. These agreements are modified in that these reduced revenues are, in kind and in lieu thereof, replaced with ad valorem property tax revenue from a Vehicle License Fee Property Tax Compensation Fund or an Educational Revenue Augmentation Fund.

**SEC. 2.** If the Commission on State Mandates determines that this act contains costs mandated by the state, reimbursement to local agencies and school districts for those costs shall be made pursuant to Part 7 (commencing with Section 17500) of Division 4 of Title 2 of the Government Code.



# LOCAL AGENCY FORMATION COMMISSION

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

xx, 2019

The Honorable Kansen Chu  
California State Assembly  
State Capital Room 3126  
Sacramento, CA 95814

Subject: *Oppose AB 600 (as amended April 11, 2019)*

Dear Assembly Member Chu:

The San Mateo Local Agency Formation Commission (LAFCo) joins the California Association of Local Agency Formation Commissions (CALAFCO) in opposing your bill AB 600 for all the reasons detailed in the attachment from CALAFCO. San Mateo LAFCo supports your efforts to promote equity in urban services and assuring that all Californians have adequate and safe drinking water and wastewater facilities, in particular unincorporated disadvantaged communities. However, the current version of AB 600 does not address potential concerns related to consistency with the Cortese- Knox-Hertzberg Local Government Reorganization Act (Act), duplication of reviews, conflicts with state and local planning regulations, and the use of undefined terminology.

AB 600 contradicts key provisions of the Act including promoting efficient service delivery through annexation. The Act created LAFCos to exist in each county to provide for logical and efficient service delivery patterns with a preference for service provision by general purpose government and annexation of territory to the most logical service provider. The Act is written broadly to allow local LAFCos to implement it based on local conditions. Equally important, Section 56133 regulating service extensions was enacted to limit a long-standing practice of cities and districts extending service without annexation. Service extensions are specifically intended to be implemented in anticipation of annexation. This bill proposes to allow service extensions without a plan to annex the territory, counter to the legislative intent of Section 56133.

We support sustainable policy solutions to the disparities in service delivery to disadvantaged communities. However, extension of service or annexation in themselves are not solutions to the lack of funding for adequate infrastructure and operations for existing disadvantaged communities. We believe that addressing the needs of

**COMMISSIONERS:** ANN DRAPER, CHAIR, PUBLIC ▪ JOSHUA COSGROVE, VICE CHAIR, SPECIAL DISTRICT ▪ RICH GARBARINO, CITY ▪ DON HORSLEY, COUNTY ▪ MIKE O'NEILL, CITY ▪ WARREN SLOCUM, COUNTY ▪ RIC LOHMAN, SPECIAL DISTRICT

**ALTERNATES:** KATI MARTIN, SPECIAL DISTRICT ▪ HARVEY RARBACK, CITY ▪ JAMES O'NEILL, PUBLIC ▪ DAVE PINE, COUNTY

**STAFF:** MARTHA POYATOS, EXECUTIVE OFFICER ▪ REBECCA ARCHER, LEGAL COUNSEL ▪ ROB BARTOLI, MANAGEMENT ANALYST

disadvantaged communities through a collaborative planning process inclusive of counties, cities, districts and LAFCos is crucial and finding financing mechanisms to support the infrastructure deficiencies and implementation actions remain a very important part of the solution.

For all of the reasons noted above, the San Mateo LAFCo is opposed to AB 600. Please contact me should you have any questions.

Sincerely yours,

Martha Poyatos  
Executive Officer

Cc: Members, Assembly Local Government Committee  
Pamela Miller, Executive Director, CALAFCO  
Senator Scott Weiner, District 11  
Senator Jerry Hill, District 13  
Assembly Member Phil Ting, District 19  
Assembly Member Kevin Mullin, District 22  
Assembly Member Marc Berman, District 24  
Jimmy MacDonald, Consultant, Assembly Local Government Committee  
William Weber, Consultant, Assembly Republican Caucus


[Home](#)
[Bill Information](#)
[California Law](#)
[Publications](#)
[Other Resources](#)
[My Subscriptions](#)
[My Favorites](#)

**AB-600 Local government: organization: disadvantaged unincorporated communities.** (2019-2020)

SHARE THIS:



Date Published: 04/30/2019 08:55 AM

AMENDED IN ASSEMBLY APRIL 29, 2019

AMENDED IN ASSEMBLY APRIL 11, 2019

AMENDED IN ASSEMBLY MARCH 25, 2019

CALIFORNIA LEGISLATURE— 2019–2020 REGULAR SESSION

**ASSEMBLY BILL**

**No. 600**

**Introduced by Assembly Member Chu**

**February 14, 2019**

An act to amend ~~Sections 56301, 56375, 56425, and 65302.10 of, to add Sections 56070.5 and 56378.1 to, and to add Chapter 5 (commencing with Section 56440) to Part 2 of Division 3 of Title 5 of, Section 56375 of~~ the Government Code, relating to local government.

LEGISLATIVE COUNSEL'S DIGEST

AB 600, as amended, Chu. Local government: organization: disadvantaged unincorporated communities.

*The Cortese-Knox-Hertzberg Local Government Reorganization Act of 2000 provides the authority and procedure for the initiation, conduct, and completion of changes of organization, reorganization, and sphere of influence changes for cities and districts, as specified. Existing law prohibits a local agency formation commission from approving an annexation to a city of any territory greater than 10 acres where there exists a disadvantaged unincorporated community that is contiguous to the area of proposed annexation, unless an application to annex the disadvantaged unincorporated community into the subject city has been filed. Under existing law, an application to annex a contiguous disadvantaged community is not required if, among other things, the commission finds that a majority of the registered voters within the disadvantaged unincorporated community are opposed to the annexation, as specified.*

*This bill would additionally 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 disadvantaged unincorporated community would prefer to address the service deficiencies through an extraterritorial service extension.*

*This bill would also provide that the existing approval prohibition and the exemptions to the application requirement, as so expanded, apply to the annexation of two or more contiguous areas that take place within 5 years of each other and that are individually less than 10 acres but cumulatively more than 10 acres.*

~~(1)The Planning and Zoning Law requires a city or county to prepare and adopt a comprehensive, long-term general plan that includes various mandatory elements, including a housing element for the preservation, improvement, and development of housing. That law also requires a city or county, on or before the due date for the next adoption of its housing element, to review and update the land use element of its general plan based on available data, including, but not limited to, the data and analysis of unincorporated island, fringe, or legacy communities inside or near its boundaries, as provided. That law requires the updated land use element to include, among other things, an analysis of water, wastewater, stormwater drainage, and structural fire protection needs or deficiencies for each identified community.~~

~~This bill would define the term "needs or deficiencies" for these purposes to mean both deficient services and lack of services, as specified.~~

~~(2)The Cortese Knox Hertzberg Local Government Reorganization Act of 2000 provides the authority and procedure for the initiation, conduct, and completion of changes of organization, reorganization, and sphere of influence changes for cities and districts, as specified.~~

~~This bill would require, on or before January 1, 2021, each city, county, and qualified special district, as defined, to submit to the commission an accessibility plan to secure safe drinking water, wastewater services, stormwater drainage, and structural fire protection in unincorporated island, fringe, or legacy communities identified in the updated land use element described above. The bill would require the commission to determine the entity best positioned to provide adequate water or wastewater services to the affected territory. The bill would require the accessibility plan to include, among other things, an identification of actions by the commission that are necessary to enable that entity to provide those services and an analysis of costs and benefits of improved water or wastewater services for residents in each affected territory. The bill would prohibit the costs and fees for services extended to those territories through implementation of the accessibility plan from exceeding the cost of providing the service, as specified. The bill, on or before January 1, 2021, would require each county to submit a map of the county that identifies disadvantaged unincorporated communities that lack safe drinking water or adequate wastewater, along with the adopted accessibility plan, to the Office of Planning and Research, the State Water Resources Control Board, and any relevant regional quality control board, as specified.~~

~~The bill would require the commission to, within 5 years of the approval of an accessibility plan, hold a noticed public hearing and review the status of every disadvantaged unincorporated community that is subject to the accessibility plan.~~

~~By increasing the duties of local officials, this bill would impose a state-mandated local program.~~

~~(3)The act sets forth the powers and duties of a local agency formation commission, including initiating proposals by resolution of application for, among other things, the formation of a new district or districts and specified reorganizations.~~

~~This bill would additionally authorize the commission to initiate the reorganization or extension of services involving a disadvantaged unincorporated community, as specified. The bill would require the commission to initiate a change of organization or reorganization or service extension if the commission determines that service needs identified in an accessibility plan remain unaddressed 2 years after the approval of the accessibility plan.~~

~~(4)Existing law prohibits the commission from approving an annexation to a city of any territory greater than 10 acres where there exists a disadvantaged unincorporated community that is contiguous to the area of proposed annexation, unless an application to annex the disadvantaged unincorporated community into the subject city has been filed.~~

~~This bill would also prohibit the commission from approving an annexation under these circumstances to a qualified special district. The bill would define the term "qualified special district" for these purposes to mean a special district with more than 500 service connections that provides drinking water or wastewater services.~~

~~The bill would also specify that these provisions apply to the annexation of 2 or more contiguous territories within 2 years of each other that are individually less than 10 acres but are cumulatively more than 10 acres.~~

~~(5)Under existing law, an application to annex a contiguous disadvantaged community is not required if the commission finds that a majority of the registered voters within the disadvantaged unincorporated community are opposed to the annexation, as specified.~~

~~This bill would instead provide that an application to annex a contiguous disadvantaged community is not required if the commission finds that a majority of the residents within the disadvantaged unincorporated~~

~~community are opposed to the annexation, as specified. This bill would additionally provide 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 disadvantaged unincorporated community would prefer to address the service deficiencies through an extraterritorial service extension.~~

~~The bill would also prohibit the commission from approving an annexation to a city or to a qualified special district of any territory if the city or qualified special district has failed to take steps necessary to implement an accessibility plan, as specified.~~

~~(6)The act requires the commission to develop and determine the sphere of influence of each city and each special district within the county and enact policies designed to promote the logical and orderly development of areas within each sphere. The act requires the commission, in order to prepare and update spheres of influence in accordance with this requirement, to conduct a service review of the municipal services provided in the county or other appropriate area designated by the commission, as provided. The act requires the commission to prepare a written statement of its determinations with respect to, among other things, the present and planned capacity of public facilities, adequacy of public services, and infrastructure needs or deficiencies, as provided.~~

~~This bill would prohibit the commission from adopting, amending, or updating a sphere of influence update that removes a disadvantaged community from the sphere of influence of a city or a special district or that fails to include a disadvantaged community that is contiguous to the proposed sphere of influence, unless the commission makes specified findings. The bill would also prohibit the commission from approving, amending, or updating a sphere of influence for a city or a special district that has not taken action pursuant to an accessibility plan that was adopted as described above.~~

~~(7)The act additionally states that the purpose of the commission is, among other things, to encourage the efficient provision of government services, as specified.~~

~~This bill would also state that the purpose of a local agency formation commission is to encourage the equitable provision of government services, as specified.~~

~~(8)The California Constitution requires the state to reimburse local agencies and school districts for certain costs mandated by the state. Statutory provisions establish procedures for making that reimbursement.~~

~~This bill would provide that no reimbursement is required by this act for a specified reason.~~

Vote: majority Appropriation: no Fiscal Committee: **yes/no** Local Program: **yes/no**

## THE PEOPLE OF THE STATE OF CALIFORNIA DO ENACT AS FOLLOWS:

~~SECTION 1. Section 56070.5 is added to the Government Code, to read:~~

~~56070.5. "Qualified special district" means a special district that contains more than 500 service connections and that provides drinking water or wastewater services.~~

~~SEC. 2. Section 56301 of the Government Code is amended to read:~~

~~56301. Among the purposes of a commission are discouraging urban sprawl, preserving open space and prime agricultural lands, encouraging the efficient and equitable provision of government services, and encouraging the orderly formation and development of local agencies based upon local conditions, circumstances, and considerations of equity. One of the objects of the commission is to make studies and to obtain and furnish information which will contribute to the logical and reasonable development of local agencies in each county and to shape the development of local agencies so as to advantageously provide for the present and future needs of each county and its communities. When the formation of a new government entity is proposed, a commission shall make a determination as to whether existing agencies can feasibly provide the needed service or services in a more efficient and accountable manner. If a new single purpose agency is deemed necessary, the commission shall consider reorganization with other single purpose agencies that provide related services.~~

**SEC. 3. SECTION 1.** Section 56375 of the Government Code is amended to read:

**56375.** The commission shall have all of the following powers and duties subject to any limitations upon its jurisdiction set forth in this part:

(a) (1) To review and approve with or without amendment, wholly, partially, or conditionally, or disapprove proposals for changes of organization or reorganization, consistent with written policies, procedures, and

guidelines adopted by the commission.

(2) The commission may initiate proposals by resolution of application for any of the following:

(A) The consolidation of a district, as defined in Section 56036.

(B) The dissolution of a district.

(C) A merger.

(D) The establishment of a subsidiary district.

(E) The formation of a new district or districts.

~~(F) The reorganization or extension of services involving a disadvantaged unincorporated community that is initiated pursuant to Section 56378.1.~~

~~(G)~~

~~(F)~~ A reorganization that includes any of the changes specified in subparagraph (A), (B), (C), (D), ~~(E)~~, or ~~(F)~~.  
~~(E)~~.

~~(H)~~

~~(G)~~ The dissolution of an inactive district pursuant to Section 56879.

(3) A commission may initiate a proposal described in paragraph (2) only if that change of organization or reorganization is consistent with a recommendation or conclusion of a study prepared pursuant to Section 56378, 56425, or 56430, and the commission makes the determinations specified in subdivision (b) of Section 56881.

(4) A commission shall not disapprove an annexation to a city, initiated by resolution, of contiguous territory that the commission finds is any of the following:

(A) Surrounded or substantially surrounded by the city to which the annexation is proposed or by that city and a county boundary or the Pacific Ocean if the territory to be annexed is substantially developed or developing, is not prime agricultural land as defined in Section 56064, is designated for urban growth by the general plan of the annexing city, and is not within the sphere of influence of another city.

(B) Located within an urban service area that has been delineated and adopted by a commission, which is not prime agricultural land, as defined by Section 56064, and is designated for urban growth by the general plan of the annexing city.

(C) An annexation or reorganization of unincorporated islands meeting the requirements of Section 56375.3.

(5) As a condition to the annexation of an area that is surrounded, or substantially surrounded, by the city to which the annexation is proposed, the commission may require, where consistent with the purposes of this division, that the annexation include the entire island of surrounded, or substantially surrounded, territory.

(6) A commission shall not impose any conditions that would directly regulate land use density or intensity, property development, or subdivision requirements.

(7) The decision of the commission with regard to a proposal to annex territory to a city shall be based upon the general plan and rezoning of the city. When the development purposes are not made known to the annexing city, the annexation shall be reviewed on the basis of the adopted plans and policies of the annexing city or county. A commission shall require, as a condition to annexation, that a city prezone the territory to be annexed or present evidence satisfactory to the commission that the existing development entitlements on the territory are vested or are already at build-out, and are consistent with the city's general plan. However, the commission shall not specify how, or in what manner, the territory shall be zoned.

(8) (A) Except for those changes of organization or reorganization authorized under Section 56375.3, and except as provided by ~~subparagraphs (B) and (C)~~, *subparagraph (B)*, a commission shall not approve an annexation to a city ~~or to a qualified special district~~ of any territory greater than 10 acres, or as determined by commission policy, where there exists a disadvantaged unincorporated community that is contiguous to the area of proposed annexation, unless an application to annex the disadvantaged unincorporated community to the subject city ~~or qualified special district~~ has been filed with the executive officer.

(B) An application to annex a contiguous disadvantaged community shall not be required if any of the following apply:

(i) A prior application for annexation of the same disadvantaged community has been made in the preceding five years.

(ii) The commission finds, based upon written evidence, that a majority of the ~~residents~~ *registered voters* within the affected territory are opposed to annexation.

(iii) The commission finds, based upon written evidence, that a majority of the ~~residents~~ *registered voters* within the affected disadvantaged unincorporated community would prefer to address service deficiencies through an extraterritorial service extension.

(C) This paragraph shall apply to the annexation of two or more contiguous areas that take place within five years of each other and that are individually less than 10 acres but cumulatively more than 10 acres.

~~(9) Except for those changes of organization or reorganization authorized under Section 56375.3, a commission shall not approve an annexation to a city or to a qualified special district of any territory if the city or applicable county has failed to take steps necessary to implement an accessibility plan pursuant to Section 56440.~~

(b) With regard to a proposal for annexation or detachment of territory to, or from, a city or district or with regard to a proposal for reorganization that includes annexation or detachment, to determine whether territory proposed for annexation or detachment, as described in its resolution approving the annexation, detachment, or reorganization, is inhabited or uninhabited.

(c) With regard to a proposal for consolidation of two or more cities or districts, to determine which city or district shall be the consolidated successor city or district.

(d) To approve the annexation of unincorporated, noncontiguous territory, subject to the limitations of Section 56742, located in the same county as that in which the city is located, and that is owned by a city and used for municipal purposes and to authorize the annexation of the territory without notice and hearing.

(e) To approve the annexation of unincorporated territory consistent with the planned and probable use of the property based upon the review of general plan and rezoning designations. No subsequent change may be made to the general plan for the annexed territory or zoning that is not in conformance to the rezoning designations for a period of two years after the completion of the annexation, unless the legislative body for the city makes a finding at a public hearing that a substantial change has occurred in circumstances that necessitate a departure from the rezoning in the application to the commission.

(f) With respect to the incorporation of a new city or the formation of a new special district, to determine the number of registered voters residing within the proposed city or special district or, for a landowner-voter special district, the number of owners of land and the assessed value of their land within the territory proposed to be included in the new special district. The number of registered voters shall be calculated as of the time of the last report of voter registration by the county elections official to the Secretary of State prior to the date the first signature was affixed to the petition. The executive officer shall notify the petitioners of the number of registered voters resulting from this calculation. The assessed value of the land within the territory proposed to be included in a new landowner-voter special district shall be calculated as shown on the last equalized assessment roll.

(g) To adopt written procedures for the evaluation of proposals, including written definitions consistent with existing state law. The commission may adopt standards for any of the factors enumerated in Section 56668. Any standards adopted by the commission shall be written.

(h) To adopt standards and procedures for the evaluation of service plans submitted pursuant to Section 56653 and the initiation of a change of organization or reorganization pursuant to subdivision (a).

(i) To make and enforce regulations for the orderly and fair conduct of hearings by the commission.

(j) To incur usual and necessary expenses for the accomplishment of its functions.

(k) To appoint and assign staff personnel and to employ or contract for professional or consulting services to carry out and effect the functions of the commission.

(l) To review the boundaries of the territory involved in any proposal with respect to the definiteness and certainty of those boundaries, the nonconformance of proposed boundaries with lines of assessment or ownership, and other similar matters affecting the proposed boundaries.

(m) To waive the restrictions of Section 56744 if it finds that the application of the restrictions would be detrimental to the orderly development of the community and that the area that would be enclosed by the annexation or incorporation is so located that it cannot reasonably be annexed to another city or incorporated as a new city.

(n) To waive the application of Section 22613 of the Streets and Highways Code if it finds the application would deprive an area of a service needed to ensure the health, safety, or welfare of the residents of the area and if it finds that the waiver would not affect the ability of a city to provide any service. However, within 60 days of the inclusion of the territory within the city, the legislative body may adopt a resolution nullifying the waiver.

(o) If the proposal includes the incorporation of a city, as defined in Section 56043, or the formation of a district, as defined in Section 2215 of the Revenue and Taxation Code, the commission shall determine the property tax revenue to be exchanged by the affected local agencies pursuant to Section 56810. If the proposal includes the disincorporation of a city, as defined in Section 56034, the commission shall determine the property tax revenue to be exchanged by the affected local agencies pursuant to Section 56813.

(p) To authorize a city or district to provide new or extended services outside its jurisdictional boundaries pursuant to Section 56133.

(q) To enter into an agreement with the commission for an adjoining county for the purpose of determining procedures for the consideration of proposals that may affect the adjoining county or where the jurisdiction of an affected agency crosses the boundary of the adjoining county.

(r) To approve with or without amendment, wholly, partially, or conditionally, or disapprove pursuant to this section the annexation of territory served by a mutual water company formed pursuant to Part 7 (commencing with Section 14300) of Division 3 of Title 1 of the Corporations Code that operates a public water system to a city or special district. Any annexation approved in accordance with this subdivision shall be subject to the state and federal constitutional prohibitions against the taking of private property without the payment of just compensation. This subdivision shall not impair the authority of a public agency or public utility to exercise eminent domain authority.

~~SEC. 4. Section 56378.1 is added to the Government Code, to read:~~

~~56378.1. Within five years of the approval or approval with conditions of an accessibility plan pursuant to Section 56440, the commission shall hold a noticed public hearing and review the status of every disadvantaged unincorporated community that is subject to the accessibility plan. If the commission determines that the service needs remain unaddressed, the commission shall initiate a change of organization, reorganization, or service extension pursuant to this chapter.~~

~~SEC. 5. Section 56425 of the Government Code is amended to read:~~

~~56425. (a) In order to carry out its purposes and responsibilities for planning and shaping the logical and orderly development and coordination of local governmental agencies subject to the jurisdiction of the commission to advantageously provide for the present and future needs of the county and its communities, the commission shall develop and determine the sphere of influence of each city and each special district, as defined by Section 56036, within the county and enact policies designed to promote the logical and orderly development of areas within the sphere.~~

~~(b) Prior to a city submitting an application to the commission to update its sphere of influence, representatives from the city and representatives from the county shall meet to discuss the proposed new boundaries of the sphere and explore methods to reach agreement on development standards and planning and zoning requirements within the sphere to ensure that development within the sphere occurs in a manner that reflects the concerns of the affected city and is accomplished in a manner that promotes the logical and orderly development of areas within the sphere. If an agreement is reached between the city and county, the city shall forward the agreement in writing to the commission, along with the application to update the sphere of influence. The commission shall consider and adopt a sphere of influence for the city consistent with the policies adopted by the commission pursuant to this section, and the commission shall give great weight to the agreement to the extent that it is consistent with commission policies in its final determination of the city sphere.~~

~~(c) If the commission's final determination is consistent with the agreement reached between the city and county pursuant to subdivision (b), the agreement shall be adopted by both the city and county after a noticed public hearing. Once the agreement has been adopted by the affected local agencies and their respective general plans~~

~~reflect that agreement, then any development approved by the county within the sphere shall be consistent with the terms of that agreement.~~

~~(d)If no agreement is reached pursuant to subdivision (b), the application may be submitted to the commission and the commission shall consider a sphere of influence for the city consistent with the policies adopted by the commission pursuant to this section.~~

~~(e)In determining the sphere of influence of each local agency, the commission shall consider and prepare a written statement of its determinations with respect to each of the following:~~

~~(1)The present and planned land uses in the area, including agricultural and open space lands.~~

~~(2)The present and probable need for public facilities and services in the area.~~

~~(3)The present capacity of public facilities and adequacy of public services that the agency provides or is authorized to provide.~~

~~(4)The existence of any social or economic communities of interest in the area if the commission determines that they are relevant to the agency.~~

~~(5)For an update of a sphere of influence of a city or special district that provides public facilities or services related to sewers, municipal and industrial water, or structural fire protection, that occurs pursuant to subdivision (g) on or after July 1, 2012, the present and probable need for those public facilities and services of any disadvantaged unincorporated communities within the existing sphere of influence.~~

~~(f)Upon determination of a sphere of influence, the commission shall adopt that sphere.~~

~~(g)On or before January 1, 2008, and every five years thereafter, the commission shall, as necessary, review and update each sphere of influence.~~

~~(h)In determining a sphere of influence, the commission may assess the feasibility of governmental reorganization of particular agencies and recommend reorganization of those agencies when reorganization is found to be feasible and if reorganization will further the goals of orderly development and efficient and affordable service delivery. The commission shall make all reasonable efforts to ensure wide public dissemination of the recommendations.~~

~~(i)When adopting, amending, or updating a sphere of influence for a special district, the commission shall establish the nature, location, and extent of any functions or classes of services provided by existing districts.~~

~~(j)When adopting, amending, or updating a sphere of influence for a special district, the commission may require existing districts to file written statements with the commission specifying the functions or classes of services provided by those districts.~~

~~(k)The commission shall not adopt, amend, or update a sphere of influence update that does either of the following:~~

~~(1)Removes a disadvantaged community from the sphere of influence of a city or a special district unless the commission makes a finding, based upon written evidence, that the removal of the disadvantaged community from the sphere of influence of the city or special district will result in improved service delivery to the community.~~

~~(2)Fails to include a disadvantaged community that is contiguous to the proposed sphere of influence unless the commission makes a finding, based upon written evidence, that the exclusion of the disadvantaged community from the proposed sphere of influence will result in improved access to safe drinking water or wastewater access.~~

~~(l)The commission shall not amend or update a sphere of influence for a city or special district that has not taken action pursuant to the accessibility plan adopted pursuant to Section 56440.~~

~~SEC. 6. Chapter 5 (commencing with Section 56440) is added to Part 2 of Division 3 of Title 5 of the Government Code, to read:~~

~~5. Accessibility Plans~~

~~56440.(a)(1)On or before January 1, 2021, each city, county, and qualified special district shall develop an accessibility plan to secure safe drinking water, wastewater services, stormwater drainage, and structural fire~~

~~protection in communities identified in the land use element of the city or county updated pursuant to paragraph (b) of Section 65302.10.~~

~~(2)The commission shall determine which entity is best positioned to provide adequate water or wastewater services to the affected territory.~~

~~(3)Each city, county, and qualified special district shall consult with the commission, the State Water Resources Control Board, relevant cities, relevant special districts, relevant mutual water companies, relevant investor-owned utilities, and county environmental health departments in developing the accessibility plan.~~

~~(4)The accessibility plan shall include a timeline with intermediary steps necessary to secure necessary infrastructure and services within five years.~~

~~(5)The accessibility plan shall include all of the following:~~

~~(A)Any actions and alternatives necessary to be taken by the commission, if any, to enable the entity determined pursuant to paragraph (2) to provide services to the affected territory.~~

~~(B)Any actions to be taken by any local agency that the commission believes are necessary to establish services to the disadvantaged unincorporated community.~~

~~(C)An analysis of costs and benefits of improved water or wastewater services for residents in each affected territory.~~

~~(D)An analysis of local, state, and federal funding sources available to implement the accessibility plan.~~

~~(6)(A)The city, county, or qualified special district shall submit the accessibility plan to the commission.~~

~~(B)The commission shall wholly approve the accessibility plan or approve the accessibility plan with conditions or modifications at a noticed hearing within 90 days of the submission of the accessibility plan to the commission.~~

~~(b)Commencing on or before February 1, 2022, each city, county, and qualified special district shall provide an annual progress report with respect to its accessibility plan at a noticed public hearing. The city, county, or relevant special district shall also post the annual progress report on its internet website.~~

~~(c)(1)Costs and fees for services provided to the affected territory through implementation of the accessibility plan shall not exceed the cost of providing the service.~~

~~(2)Fees and conditions related to service provision to the affected territory through implementation of the accessibility plan shall be consistent with fees and conditions placed on other new customers or service recipients.~~

~~(d)On or before January 1, 2021, each county shall submit a map of the county that identifies disadvantaged unincorporated communities that lack safe drinking water or adequate wastewater, along with the adopted accessibility plan prepared in electronic format with the Office of Planning and Research, the State Water Resources Control Board, and any relevant regional quality control board. The Office of Planning and Research, State Water Resources Control Board, and the city or county shall each post the map on its respective internet website.~~

~~SEC. 7. Section 65302.10 of the Government Code is amended to read:~~

~~65302.10.(a)As used in this section, the following terms shall have the following meanings:~~

~~(1)"Community" means an inhabited area within a city or county that is comprised of no less than 10 dwellings adjacent or in close proximity to one another.~~

~~(2)"Disadvantaged unincorporated community" means a fringe, island, or legacy community in which the median household income is 80 percent or less than the statewide median household income.~~

~~(3)"Fringe community" means any inhabited and unincorporated territory that is within a city's sphere of influence.~~

~~(4)"Island community" means any inhabited and unincorporated territory that is surrounded or substantially surrounded by one or more cities or by one or more cities and a county boundary or the Pacific Ocean.~~

~~(5)"Legacy community" means a geographically isolated community that is inhabited and has existed for at least 50 years.~~

~~(b)On or before the due date for the next adoption of its housing element pursuant to Section 65588, each city or county shall review and update the land use element of its general plan, based on available data, including, but not limited to, the data and analysis developed pursuant to Section 56430, of unincorporated island, fringe, or legacy communities inside or near its boundaries. The updated land use element shall include all of the following:~~

~~(1)In the case of a city, an identification of each island or fringe community within the city's sphere of influence that is a disadvantaged unincorporated community. In the case of a county, an identification of each legacy community within the boundaries of the county that is a disadvantaged unincorporated community, but not including any area within the sphere of influence of any city. This identification shall include a description of the community and a map designating its location.~~

~~(2)For each identified community, an analysis of water, wastewater, stormwater drainage, and structural fire protection needs or deficiencies. For purposes of this section, "needs or deficiencies" includes both deficient services and lack of services. The analysis required by this paragraph shall consider the impacts of climate change on specified services.~~

~~(3)An analysis, based on then existing available data, of benefit assessment districts or other financing alternatives that could make the extension of services to identified communities financially feasible.~~

~~(c)On or before the due date for each subsequent revision of its housing element pursuant to Section 65588, each city and county shall review, and if necessary amend, its general plan to update the analysis required by this section.~~

~~SEC. 8.No reimbursement is required by this act pursuant to Section 6 of Article XIII B of the California Constitution because a local agency or school district has the authority to levy service charges, fees, or assessments sufficient to pay for the program or level of service mandated by this act, within the meaning of Section 17556 of the Government Code.~~