

AGENDA

LOCAL AGENCY FORMATION COMMISSION FOR SAN BERNARDINO COUNTY

**SAN BERNARDINO CITY COUNCIL CHAMBERS
300 NORTH D STREET, FIRST FLOOR, SAN BERNARDINO**

REGULAR MEETING OF NOVEMBER 20, 2013

9:00 A.M. – CALL TO ORDER – FLAG SALUTE

ANNOUNCEMENT: Anyone present at the hearing who is involved with any of the changes of organization to be considered and who has made a contribution of more than \$250 in the past twelve (12) months to any member of the Commission will be asked to state for the record the Commission member to whom the contribution has been made and the matter of consideration with which they are involved.

CONSENT ITEMS:

The following consent items are expected to be routine and non-controversial and will be acted upon by the Commission at one time without discussion, unless a request has been received prior to the hearing to discuss the matter.

1. Approval of Minutes for Regular Meeting of October 16, 2013
2. Approval of Executive Officer's Expense Report
3. Ratify Payments as Reconciled for Month of October 2013 and Note Cash Receipts

PUBLIC HEARING ITEMS:

4. Consent Items Deferred for Discussion

DISCUSSION ITEMS:

5. Consideration of Contract with County of San Bernardino Auditor-Controller/Treasurer/Tax Collector for Continued Payroll and Accounting Services
6. Consideration of Amendment to Fee Schedule and Fee Waiver Policy

INFORMATION ITEMS:

7. Legislation Update Report
8. Executive Officer's Report:
 - a. Update on Fiscal Indicators Program
 - b. Update on Special Study for Newberry, Daggett and Yermo CSDs
 - c. Update on Mapping Program

9. **Commissioner Comments**

(This is an opportunity for Commissioners to comment on issues not listed on the agenda, provided that the subject matter is within the jurisdiction of the Commission and that no action may be taken on off-agenda items unless authorized by law.)

10. **Comments from the Public**

(By Commission policy, the public comment period is limited to five minutes per person for comments related to items under the jurisdiction of LAFCO.)

The Commission may adjourn for lunch from 12:00 to 1:30 p.m.

In its deliberations, the Commission may make appropriate changes incidental to the above-listed proposals.

Materials related to an item on this Agenda submitted to the Commission or prepared after distribution of the agenda packet will be available for public inspection in the LAFCO office at 215 N. D St., Suite 204, San Bernardino, during normal business hours, on the LAFCO website at www.sbclafco.org, and at the hearing.

Current law and Commission policy require the publishing of staff reports prior to the public hearing. These reports contain technical findings, comments, and recommendations of staff. The staff recommendation may be accepted or rejected by the Commission after its own analysis and consideration of public testimony.

IF YOU CHALLENGE ANY DECISION REGARDING ANY OF THE ABOVE PROPOSALS IN COURT, YOU MAY BE LIMITED TO RAISING ONLY THOSE ISSUES YOU OR SOMEONE ELSE RAISED DURING THE PUBLIC TESTIMONY PERIOD REGARDING THAT PROPOSAL OR IN WRITTEN CORRESPONDENCE DELIVERED TO THE LOCAL AGENCY FORMATION COMMISSION AT, OR PRIOR TO, THE PUBLIC HEARING.

The Political Reform Act requires the disclosure of expenditures for political purposes related to a change of organization or reorganization proposal which has been submitted to the Commission, and contributions in support of or in opposition to such measures, shall be disclosed and reported to the same extent and subject to the same requirements as provided for local initiative measures presented to the electorate (Government Code Section 56700.1). Questions regarding this should be directed to the Fair Political Practices Commission at www.fppc.ca.gov or at 1-866-ASK-FPPC (1-866-275-3772).

A person with a disability may contact the LAFCO office at (909) 383-9900 at least 72-hours before the scheduled meeting to request receipt of an agenda in an alternative format or to request disability-related accommodations, including auxiliary aids or services, in order to participate in the public meeting. Later requests will be accommodated to the extent feasible.

**ACTION MINUTES OF THE
LOCAL AGENCY FORMATION COMMISSION
HEARING OF OCTOBER 16, 2013**

REGULAR MEETING

9:00 A.M.

OCTOBER 16, 2013

PRESENT:

COMMISSIONERS: Jim Bagley
Kimberly Cox, Vice-Chair
James Curatalo, Chair
Robert Lovingood
Larry McCallon

James Ramos
Dawn Rowe, Alternate
Sunil Sethi, Alternate
Robert Smith, Alternate
Diane Williams

STAFF: Kathleen Rollings-McDonald, Executive Officer
Clark Alsop, LAFCO Legal Counsel
Samuel Martinez, Assistant Executive Officer
Michael Tuerpe, LAFCO Project Manager
Rebecca Lowery, Clerk to the Commission

ABSENT:

COMMISSIONERS: Janice Rutherford, Alternate

**CONVENE REGULAR SESSION OF THE LOCAL AGENCY FORMATION
COMMISSION – CALL TO ORDER – 9:02 A.M. – SAN BERNARDINO CITY COUNCIL
CHAMBERS**

Chairman Curatalo calls the regular session of the Local Agency Formation Commission to order and leads the flag salute.

CONSENT ITEMS – APPROVE STAFF RECOMMENDATIONS:

1. Approval of Minutes for Regular Meeting of August 21, 2013
2. Approval of Executive Officer's Expense Report
3. Ratify Payments as Reconciled for Months of September 2013 and Note Cash Receipts
4. Commission Authorization for Recruitment of LAFCO Secretary at Step 8 of Range 39 as Required by Human Resource Policy 204 (B)

LAFCO considers the items listed under its consent calendar, which includes a Visa Justification, and a staff report outlining the staff recommendations for the reconciled payments. Also included is the staff report requesting the approval to start the newly hired Secretary at Step 8 of the previously approved range. Copies of each report are on file in the LAFCO office and are made part of the record by their reference herein.

Executive Officer Kathleen Rollings-McDonald states that no items have been requested to be deferred for discussion.

Commissioner McCallon moves approval of the consent calendar, second by Commissioner Cox. Chairman Curatalo calls for opposition to the motion. There being no opposition, the motion passes unanimously with the following vote: Ayes: Bagley, Cox, Curatalo, Lovingood, McCallon, Williams. Noes: None. Abstain: None. Absent: Ramos.

PUBLIC HEARING ITEM:

ITEM NO. 5. No Items Deferred for Discussion

DISCUSSION ITEMS:

ITEM NO. 6. CONSIDERATION OF REQUEST FOR REDUCTION IN FILING FEES SUBMITTED BY THE HELENDALE COMMUNITY SERVICES DISTRICT FOR LAFCO 3175 -- REORGANIZATION TO INCLUDE ANNEXATIONS TO THE HELENDALE COMMUNITY SERVICES DISTRICT AND ANNEXATION TO ZONE FP-5 OF THE SAN BERNARDINO COUNTY FIRE PROTECTION DISTRICT

(It is noted that Commissioner Cox recuses herself from the discussion and leaves the dais at 9:04 a.m.)

Assistant Executive Officer Samuel Martinez presents the staff report, a complete copy of which is on file in the LAFCO office and is made a part of the record by its reference here. The full recommendation is outlined on page 1 of the staff report.

(It is noted that Commissioner Ramos arrives at the Hearing at 9:07 a.m.)

Mr. Martinez states that staff received the request from the Helendale CSD for a reduction in the filing fees for the reorganization proposal on September 23, 2013. He states that staff supports the District's request for reduction in filing fees since the two areas proposed for annexation are primarily vacant land, which will not require an extensive review and which has no specific development tied to the proposal.

Commissioner McCallon asks if a change in Commission policy regarding the fee schedule would be required by this action.

Executive Officer Kathleen Rollings-McDonald states that the Commission's policies currently have a fee waiver provision for these types of instances.

Chairman Curatalo asks the Commission's Legal Counsel for his comments on the issue.

Clark Alsop, Legal Counsel for the Commission, states that the item is a policy issue for the Commission to discuss.

Commissioner Lovingood states that this would be a good time to review the policy on LAFCO fees.

Commissioner Bagley states that the County of San Bernardino is made up of many rural areas and that many smaller agencies may not be able to afford annexations at the current fees and that it would be a good idea to review the policy.

Commissioner Ramos states that he would like to see a pro and con listing with regard to the policy review.

Commissioner Williams states that the policy need to be flexible to fill the needs of the agencies that may want to annex or reorganize.

Ms. McDonald states that staff will return to the Commission with a draft of the amended policy for review and discussion at the November 20, 2013 Hearing.

Commissioner Lovingood moves approval of the staff recommendations as outlined on page one of the staff report with direction to staff to return at the November hearing a discussion of the Fee Schedule and Waiver Policy, second by Commissioner McCallon. Chairman Curatalo calls for opposition to the motion. There being no opposition, the motion passes unanimously with the following vote: Ayes: Bagley, Cox, Curatalo, Lovingood, McCallon, Ramos, Williams. Noes: None. Abstain: None. Absent: None.

(It is noted that Commissioner Cox returns to the dais at 9:12 a.m.)

ITEM NO 7. FIRST QUARTER FINANCIAL REVIEW FOR PERIOD JULY 1 THROUGH SEPTEMBER 30, 2013: (a.) FINANCIAL REVIEW and (b) NOTE ADDITIONAL CARRYOVER FROM FISCAL YEAR 2012-13 AND DISCUSS ALLOCATION TO FUND FISCAL INDICATORS PROGRAM, AND SPECIAL STUDY FOR NEWBERRY, YERMO AND DAGGETT COMMUNITY SERVICE DISTRICTS

Executive Officer Kathleen Rollings-McDonald presents the staff report, a complete copy of which is on file in the LAFCO office and is made a part of the record by its reference here. The full recommendation is outlined on pages 1 and 2 of the staff report

Ms. McDonald reviews the first quarter of the 2013-14 fiscal year and states that with the hiring of the LAFCO secretary, LAFCO will be fully staffed. She reviews the expenditures and the revenue through the first-quarter. She notes that the projected proposal activity for the year has been met in the first quarter. She states that all apportionment payments have been received with the exception of the Baker CSD.

Commissioner Ramos asks about LAFCOs historical activity. Ms. McDonald reviews the activity chart and notes the change in activity due to the economic environment faced by the county in

the past 5 to 6 years. She states that going forward, the economic environment appears to be improving.

Commissioner Ramos moves approval of the staff recommendations as outlined on pages 1 and 2 of the staff report, second by Commissioner Williams. Chairman Curatalo calls for opposition to the motion. There being no opposition, the motion passes unanimously with the following vote: Ayes: Bagley, Cox, Curatalo, Lovingood, McCallon, Ramos, Williams. Noes: None. Abstain: None. Absent: None.

ITEM NO 8. STATUS REPORT ON RIM OF THE WORLD RECREATION AND PARK DISTRICT COMPLIANCE WITH LAFCO CONDITIONS ON SERVICE REVIEW (CONTINUED FROM JULY 17, 2013 HEARING)

Executive Officer Kathleen Rollings-McDonald presents the staff report, a complete copy of which is on file in the LAFCO office and is made a part of the record by its reference here. The full recommendation is outlined on page 1 of the staff report.

Ms. McDonald states that LAFCO staff has been monitoring the activities of the District as outlined in conditions section of the Service Review Resolution No. 3095. She reviews the compliance conditions and states that the District continues to work toward a resolution of its financial reporting and management issues as identified by LAFCO. Ms. McDonald outlines the ongoing financial concerns of LAFCO staff with the District requesting a further status report on compliance at the February 2014 hearing.

Karen Reams, General Manger, Rim of the World Recreation and Park District, states that the district has overcome many struggles and has faced a lot of changes. They are looking forward to the future and to many great things going forward. She state that the District has a great dedicated staff and new board members. She thanks staff for their guidance and direction in this endeavor.

Laura Dyberg, Board Member, Rim of the World Recreation and Park District, states that part of the challenge that the district has faced is the lack of increase in fees which is what creates the District's revenue. She states that the lack of revenue made it difficult for the District to hire and keep a general manager, however, with staff and board support, they District has gotten on track is moving forward. She thanks staff for their help in this process.

Commissioner Cox moves approval of the staff recommendations as outlined on page 1 of the staff report, second by Commissioner Ramos. Chairman Curatalo calls for opposition to the motion. There being no opposition, the motion passes unanimously with the following vote: Ayes: Bagley, Cox, Curatalo, Lovingood, McCallon, Ramos, Williams. Noes: None. Abstain: None. Absent: None.

INFORMATION ITEMS:

ITEM NO 9. PENDING LEGISLATION REPORT

Executive Officer Kathleen Rollings-McDonald presents the oral report for the pending legislation noting that AB 240 was passed.

No action is required.

ITEM NO. 10 EXECUTIVE OFFICER'S ORAL REPORT

Executive Officer Kathleen Rollings-McDonald presents the Executive Officers oral report. She states that she has attended a meeting with the City of Grand Terrace to discuss disincorporation, detachments and other topics related to the financial wellbeing of the City. She also noted that the Service Reviews in the Valley has been initiated and that staff is putting together a workgroup to address and discuss various issues related to the Fiscal Indicators project which is a part of the service review program.

No action is required.

ITEM NO. 11 COMMISSIONER COMMENTS

Commissioner Bagley states that the Board of Directors of some of the Districts and Municipalities have a lack of knowledge regarding the structure and responsibility of their position. He asks staff to explore the possibility of providing training or perhaps posting literature on the LAFCO website that will help to inform new and existing Board of Directors of their responsibilities and of the laws that govern them such as the Brown Act and others.

Executive Officer Kathleen Rollings-McDonald states that staff can look into purchasing and posting a link on the LAFCO website that will provide the education to the District Board of Directors and notes that LAFCO is a member of the California Special Districts Association (CSDA). She also states that some of the smaller districts do not have the financial ability to be a part of the CSDA and that LAFCO can help to provide the training they may need.

Commissioner Cox asks if grant funding for the education of Board Members can be established. Commission Smith states that for small districts such as his, the ability to receive a grant for education and training purposes for the Board Members would be a benefit.

Chairman Curatalo asks if the CALAFCO organization can help in the grant process, to which Ms. McDonald responds that CALAFCO cannot but that LAFCO staff can coordinate educational training programs in the areas that have the most need such as the North Desert Area.

Commissioner Lovingood asks that staff present a report outlining what the costs associated with this education training program would be and states that staff could possibly use Silver Lakes as a training location.

Ms. McDonald states that staff will return at the November 20, 2013 hearing with the information requested.

ITEM NO. 12 COMMENTS FROM THE PUBLIC

There are none.

**THERE BEING NO FURTHER BUSINESS TO COME BEFORE THE COMMISSION,
THE HEARING IS ADJOURNED AT 10:04 A.M.**

ATTEST:

REBECCA LOWERY
Clerk to the Commission

LOCAL AGENCY FORMATION COMMISSION

JAMES CURATALO, Chairman

DRAFT

**LOCAL AGENCY FORMATION COMMISSION
FOR SAN BERNARDINO COUNTY**

215 North D Street, Suite 204, San Bernardino, CA 92415-0490
(909) 383-9900 • Fax (909) 383-9901
E-MAIL: lafco@lafco.sbcounty.gov
www.sbclafco.org

DATE: NOVEMBER 7, 2013

FROM: KATHLEEN ROLLINGS-McDONALD, Executive Officer



TO: LOCAL AGENCY FORMATION COMMISSION

**SUBJECT: AGENDA ITEM #2 – APPROVAL OF EXECUTIVE OFFICER’S
EXPENSE REPORT**

RECOMMENDATION:

Approve the Executive Officer’s Expense Report for Procurement Card Purchases for October 2013 as presented.

BACKGROUND INFORMATION:

The Commission participates in the County of San Bernardino’s Procurement Card Program to supply the Executive Officer a credit card to provide for payment of routine official costs of Commission activities as authorized by LAFCO Policy #4(H). Staff has prepared an itemized report of purchases that covers the billing period of September 24, 2013 through October 22, 2013.

It is recommended that the Commission approve the Executive Officer’s expense report as shown on the attachments.

KRM/rcl

Attachments



**COUNTY OF SAN BERNARDINO
PROCUREMENT CARD PROGRAM**

MONTHLY PROCUREMENT CARD PURCHASE REPORT

Card Number	Cardholder Kathleen Rollings-McDonald	Billing Period 9/23/13 to -10/22/13
--------------------	---	---

Date	Vendor Name	Receipt/ Invoice No.	Item Description	Purpose	\$ Amount	Reconciled (R) Disputed (D)	Sales Tax Included on invoice (Yes or No)
9-25	Verizon	1	Payment – Phone Bill	Phone Line for Alarm	41.45	R	Y
9-25	Thomas West	2	Monthly Payment	Law Library Updates	323.68	R	Y
9-27	Storetrieve LLC	3	Monthly Payment	Records Storage and Maintenance	47.52	R	N
10-17	Panera Bread	4	Bagels	LAFCO Hearing	13.99	R	N
10-21	Southwest Airlines	5	Airfare – Martinez	CALAFCO Board Meeting	3.00	R	Y
10-21	Southwest Airlines	6	Airfare – Curatalo	CALAFCO Board Meeting	312.30	R	Y

The undersigned, under penalty of perjury, states the above information to be true and correct. If an unauthorized purchase has been made, the undersigned authorizes the County Auditor/Controller-Recorder to withhold the appropriate amount from their payroll check after 15 days from the receipt of the cardholder's Statement of Account.

Cardholder (Print & Sign) Kathleen Rollings-McDonald <i>Kathleen Rollings McDonald</i>	Date 11/7/13
--	------------------------

Approving Official (Print & Sign) James Curatalo, Chairman	Date 11/20/13
--	-------------------------

**LOCAL AGENCY FORMATION COMMISSION
FOR SAN BERNARDINO COUNTY**

215 North D Street, Suite 204, San Bernardino, CA 92415-0490
(909) 383-9900 • Fax (909) 383-9901
E-MAIL: lafco@lafco.sbcounty.gov
www.sbclafco.org

DATE: NOVEMBER 7, 2013



FROM: KATHLEEN ROLLINGS-McDONALD, Executive Officer

TO: LOCAL AGENCY FORMATION COMMISSION

**SUBJECT: AGENDA ITEM #3 - RATIFY PAYMENTS AS RECONCILED FOR
MONTH OF OCTOBER 2013 AND NOTE REVENUE RECEIPTS**

RECOMMENDATION:

Ratify payments as reconciled for the month October 2013 and note revenue receipts for the same period.

BACKGROUND INFORMATION:

Staff has prepared a reconciliation of warrants issued for payments to various vendors, internal transfers for payments to County Departments, cash receipts and internal transfers for payments for deposits or other charges that cover the period of October 1 through October 31, 2013.

Staff is recommending that the Commission ratify the payments for October outlined on the attached listings and note the revenues received.

KRM/rcl

Attachment

MONTHLY RECONCILIATION OF PAYMENTS

MONTH OF OCTOBER 2013 PAYMENTS PROCESSED

VOUCHER DOCUMENT ID	ACCOUNT	NAME	WARRANT NUMBER	WARRANT DATE	AMOUNT
PV8908093	9800	FH II INC	8316055	10/4/2013	\$ 189.07
PV8908094	2445/2940	JIM BAGLEY	8316366	10/7/2013	\$ 788.75
PV8908095	2445/2940	KIMBERLY COX	8316374	10/7/2013	\$ 261.02
PV8908096	2445/2940	JAMES V CURATALO	8316364	10/7/2013	\$ 413.94
PV890809701	2445	ROBERT A LOVINGOOD	8316420	10/7/2013	\$ 200.00
PV890809702	2445	JAMES C RAMOS	8316365	10/7/2013	\$ 200.00
PV8908098	2445/2940	ROBERT W SMITH	8316421	10/7/2013	\$ 291.53
PV8908099	2445/2940	DIANE WILLIAMS	8316318	10/7/2013	\$ 229.38
PV8908100	2335	STAFFMARK CALIFORNIA LLC	8316439	10/7/2013	\$ 1,112.28
PV8908101	2400	BEST BEST & KRIEGER	3207257	10/7/2013	\$ 2,178.00
PV8908102	2445	CITY OF SAN BERNARDINO	8316298	10/7/2013	\$ 300.00
PV8908103	2305	DAISY WHEEL RIBBON CO INC	3207273	10/7/2013	\$ 446.73
PV8908104	2424	TOM DODSON & ASSOCIATES	3207332	10/7/2013	\$ 1,020.00
PV8908105	2941	CALAFCO	8318365	10/8/2013	\$ 75.00
PV8908106	2335	STAFFMARK CALIFORNIA LLC	8326201	10/24/2013	\$ 1,264.77
PV8908107	2115	SIGMANET INC	3208598	10/24/2013	\$ 3,248.00
PV8908108	2905	INLAND EMPIRE PROPERTIES LLC	8326120	10/24/2013	\$ 4,103.52
TOTAL					\$ 16,321.99

MONTH OF OCTOBER 2013 INTERNAL TRANSFERS PROCESSED

JVIB 03082037D	2037	SEPTEMBER 2013 PHONE		10/10/2013	\$ 221.52
JVIB 03082038D	2038	SEPTEMBER 2013 LONG DISTANCE		10/10/2013	\$ 6.76
JVIB 03082043C	2043	ELECTRONIC EQUIPMENT MAINTENANCE		10/11/2013	\$ 1.26
JVCS 20131021060	2305	STAPLES - SERVICE CHARGE		10/21/2013	\$ 53.46
JVCS 20131028064	2305	STAPLES - SERVICE CHARGE		10/28/2013	\$ 0.85
JVCS 20131028064	2305	STAPLES - SERVICE CHARGE		10/28/2013	\$ 4.44
JVCS 20131021060	5012	STAPLES - SUPPLIES		10/21/2013	\$ 445.00
JVCS 20131028064	5012	STAPLES - SUPPLIES		10/28/2013	\$ 49.00
CS 20131028064	5012	STAPLES - SUPPLIES		10/28/2013	\$ 7.12
JVATXRT04313	2308	CAL CARD PAYMENT - SEPTEMBER		10/3/2013	\$ 36.99
JVATXRT05971	2308	CAL CARD PAYMENT - OCTOBER		10/31/2013	\$ 741.94
JVPURRT04441	2310	INTER-OFFICE MAIL		10/9/2013	\$ 160.00
JVPURRT04444	2310	PRESORT FLATS - MAIL		10/9/2013	\$ 26.12
JVPURRT04446	2310	PACKAGING - MAIL		10/9/2013	\$ 59.84
JVPURRT04447	2310	1ST CLASS PRESORT- MAIL		10/9/2013	\$ 191.29
JVPURRT04707	2310	PACKAGING - MAIL		10/11/2013	\$ 6.79
JVPURRT04711	2310	1ST CLASS PRESORT- MAIL		10/11/2013	\$ 1.54
JVIB 03082410AB	2410	SEPTEMBER 2013 DATA PROCESSING		10/10/2013	\$ 1.56
JVIB 03082410AF	2410	SEPTEMBER 2013 DATA PROCESSING		10/10/2013	\$ 106.18
JVIB 03082410AL	2410	SEPTEMBER 2013 DATA PROCESSING		10/10/2013	\$ 0.15
JVIB 03082410AR	2410	SEPTEMBER 2013 DATA PROCESSING		10/10/2013	\$ 48.29
JVIB 03082410E	2410	SEPTEMBER 2013 DATA PROCESSING		10/10/2013	\$ 22.90
JVIB 03082410P	2410	SEPTEMBER 2013 DATA PROCESSING		10/10/2013	\$ 149.30
JVIB 03082410T	2410	SEPTEMBER 2013 DATA PROCESSING		10/10/2013	\$ 72.39
JVIB 03082410X	2410	SEPTEMBER 2013 DATA PROCESSING		10/10/2013	\$ 131.14
JVATXRT04150	2415	COWCAP - 2013/2014		10/1/2013	\$ 1,513.16
JV890RT05191	2424	NOTICE OF EXEMPTION FOR LAFCO SC 375		10/7/2013	\$ 50.00
TOTAL					\$ 4,108.99

MONTHLY RECONCILIATION OF PAYMENTS

MONTH OF OCTOBER 2013 CASH RECEIPTS

DEPOSIT			DEPOSIT	
DOCUMENT ID	ACCOUNT	DESCRIPTION	DATE	AMOUNT
JVTZ RT131016054	8500	APPORTIONMENT INTEREST	10/24/2013	\$ 1,023.01
CRATXA04484	8842	APPLE VALLEY FIRE DISTRICT	10/17/2013	\$ 10,000.00
CR890A03822	9800	LAFCO FEES	10/1/2013	\$ 4,000.00
CR890A04353	9910	PRIOR YEAR	10/15/2013	\$ 1,950.04
TOTAL				\$ 16,973.05

MONTH OF OCTOBER 2013 INTERNAL TRANSFERS RECEIVED

TRANSFER			TRANSFER	
DOCUMENT ID	ACCOUNT	NAME	DATE	AMOUNT
		NONE		
TOTAL				\$ -

Rebecca Lowery
 REBECCA LOWERY, Clerk to the Commission

11/7/2013
 DATE

RECONCILIATION APPROVED BY:

Kathleen Rollings-McDonald
 KATHLEEN ROLLINGS-MCDONALD, Executive Officer

11/7/2013
 DATE

LOCAL AGENCY FORMATION COMMISSION FOR SAN BERNARDINO COUNTY

215 North D Street, Suite 204, San Bernardino, CA 92415-0490
(909) 383-9900 • Fax (909) 383-9901
E-MAIL: lafco@lafco.sbcounty.gov
www.sbclafco.org

DATE: NOVEMBER 12, 2013 
FROM: KATHLEEN ROLLINGS-McDONALD, Executive Officer
MICHAEL TUERPE, Project Manager
TO: LOCAL AGENCY FORMATION COMMISSION

SUBJECT: Agenda Item #5: Consideration of Contract with County of San Bernardino Auditor-Controller/Treasurer/Tax Collector for Continued Payroll and Accounting Services

RECOMMENDATION:

Staff recommends that the Commission continue the consideration of the new contract with the County Auditor for payroll and accounting services to the January 15, 2014 hearing.

BACKGROUND:

LAFCO has contracted with the County for payroll and payroll reporting and accounting services since 1981 when it became independent of the County. As a part of this relationship, on behalf of LAFCO, the County has deposited and paid LAFCO's federal and state employee tax liabilities, while utilizing the County's Federal and State Employer Identification Number.

In June, the County notified LAFCO that recent changes in payroll reporting in the Internal Revenue Code as a result of the Affordable Care Act require the establishment of a payroll reporting relationship (in this case the relationship between the County and LAFCO). The County's letter, dated June 21, 2013, is attached to this report. Pursuant to the new legislation, the Commission had the option to either:

1. Terminate its reporting relationship with the County and deposit and pay its own federal and state tax liabilities effective October 1, 2013 (extended to January 1, 2014 by Presidential Executive Order), or
2. Continue this relationship for payroll services with the County, which would require LAFCO to obtain its own federal and state identification numbers.

At the July hearing, the Commission determined to continue the relationship with the County and directed the Executive Officer to negotiate a contract with the County for payroll

reporting and accounting services and obtain its own federal and state identification numbers. LAFCO's response to the County Auditor is included as Attachment #2.

However, rather than amending the current contracts with the agencies that it has a payroll relationship, the County now desires to enter into new contracts with each contracting agency to encompass all of the services provided by the Auditor. As of the date of this report, the County has not yet finalized a draft contract. Therefore, LAFCO staff cannot provide a draft contract at this time for review by the Commission.

In response, the Assistant Auditor has sent the Commission a letter, dated November 7 (included as Attachment #3), stating that the revised contract is anticipated to be presented to the Board of Supervisors for approval in December, no later than January. In the interim, the Assistant Auditor assures that payroll services will continue to be provided in the same manner as before and it will continue to deposit and pay LAFCO's payroll taxes as LAFCO's "reporting agent", using LAFCO's separate Federal and State Employer Identification Numbers.

Staff will continue to work with Auditor staff on the new contract and provide that document to LAFCO Legal Counsel as soon as possible to allow for his review prior to the January Commission consideration.

CONCLUSION:

LAFCO staff will continue to work with the County to ensure that payroll reporting and accounting services take place appropriately and that any questions on the proposed contract are provided to the County expeditiously. Staff recommends that the Commission continue this matter to the January 15, 2014 hearing for consideration.

MT/KRM

Attachments:

1. Letter from County of San Bernardino dated June 21, 2013
2. LAFCO Response to County Auditor Controller Dated July 24, 2013
3. Letter from County of San Bernardino dated November 7, 2013

**Letter from County of San Bernardino
dated June 21, 2013**

Attachment 1

AUDITOR-CONTROLLER/ TREASURER/TAX COLLECTOR



COUNTY OF SAN BERNARDINO

- 222 West Hospitality Lane, Fourth Floor
San Bernardino, CA 92415-0018 • (909) 387-8322 • Fax (909) 386-8830
- 172 West Third Street, First Floor
San Bernardino, CA 92415-0360 • (909) 387-8308 • Fax (909) 387-6716

LARRY WALKER
Auditor-Controller/
Treasurer/Tax Collector

June 21, 2013

RECEIVED
JUN 25 2013

LAFCO
215 North D Street, Ste 204
San Bernardino, CA 92415-0490

LAFCO
San Bernardino County

Re: Payroll & Accounting Services Contract Revision– Action Required

Recent changes in Employer reporting requirements make it necessary for the County to restructure its existing contract's for Payroll and Accounting Services with Special Districts that operate independently. On December 28, 2012, the Internal Revenue Service (IRS) issued a proposed regulation regarding the Affordable Care Act (ACA) Shared Responsibility provisions, which affect large employers (generally those with at least 50 full-time equivalent employees). Recent announcements focus on several key elements and the rules concerning new employer responsibilities. Responsibility provisions, under section 4980H of the Internal Revenue Code (IRC), have been added as a result of ACA. Beginning in 2014, new IRS Shared Responsibility assessments will apply to large employers that do not offer qualifying health coverage to all full-time employees, and their dependents, beginning in 2015. These IRS assessments will be based in part on the number of employees who qualify as full-time under the ACA.

As a result of the new Internal Revenue Code, a change to the existing payroll reporting relationship must be established. Under the prior structure our office was considered the "Agent" (IRS form 2678) of a contracted payroll entity. With the new responsibility provisions this reporting relationship will change to "Reporting Agent" (IRS form 8655). This new reporting relationship will need to be represented in our contract for Payroll and Accounting services. Payroll will continue to be processed in the same manner, but it will now be reported under the Special Districts unique Federal and State Employer Identification Number (EIN) and not under the County's. Under Form 8655 arrangements, the district remains liable for ensuring all tax returns are filed timely and all deposits and payments are made timely.

The district will have the option to terminate its reporting relationship with the County and deposit and pay its' own federal and state tax liabilities, as it currently does for disability and unemployment taxes. If your district decides to continue contracting payroll services through the county we will need to be notified no later than July 24, 2013, so we can negotiate a new contract. The County intends for the new contract to become effective, on October 1, 2013. Under the new contract we will continue to deposit and pay tax liabilities on behalf of each client, using each client's separate Federal and State EIN. As always, efficiencies in processing payroll are meant to be shared with our clients and will continue to be. However, when there is an additional level of effort needed that is specific to the service being provided, those costs must be passed on to the client.

To accommodate the change for reporting separately, a few steps will need to be taken. Many of the Special Districts have already gone through a similar process in securing their State EIN for State Unemployment Insurance (SUI) and State Disability Insurance (SDI) reporting and their Federal EIN for meeting the terms of the existing contract. A portion of these steps were necessary under the existing agreement. ***If you have not done so already, please follow these steps:***

- 1) District is required to provide its Federal Employer Identification Number (FEIN) to ATC Central Payroll for reporting social security, Medicare, and employment taxes. Separate State Employer Identification Numbers (SEIN) for each, reporting personal income tax withholding (PIT), unemployment insurance (SUI), and/or State Disability Insurance (SDI).
- 2) District is required to complete Internal Revenue Service Form 8655 appointing County as its Reporting Agent to establish the new reporting relationship.

To obtain a FEIN:

Apply online by visiting www.irs.gov/businesses and following these steps:

- Under Business Topics on the left of the page, click on [Employer ID Numbers](#)
- In the middle of the page, click on [Apply for an EIN Online](#)
- In the middle of the page, click on [Apply Online Now](#)

If you choose not to apply online for a FEIN, you can complete the enclosed **IRS Form SS-4, Application for Employer Identification Number**. You are required to provide information on lines 1, 2, and 4a-5b. Instructions for completing this form are attached to the form. Further instructions are located online at www.irs.gov/pub/irs-pdf/iss4.pdf. After receipt and processing, the IRS will send you a FEIN.

To obtain a SEIN:

The district should obtain separate State Employer Identification Numbers (SEIN) for personal income tax (PIT) reporting, State Unemployment Insurance (SUI) and/or State Disability Insurance (SDI). Apply online by visiting www.edd.ca.gov/Payroll_Taxes/More_e-Services_for_Business_Information.htm

After obtaining a FEIN and registering your SEIN, the County also requires that your district complete the enclosed **IRS Form 8655, Reporting Agent Authorization (RA)** and **EDD Form DE48, Power of Attorney Declaration**. These forms appoint the County as your district's reporting agent. You will need your existing/new FEIN to complete these forms. It is the responsibility of the Special District to ensure that it is done in a timely manner.

IRS Form 8655:

On Form 8655, please complete all items excluding number 9 through 14, which we have already completed for you. Once completed, please mail your Form 8655 to the Auditor-Controller/Treasurer/Tax Collector's office at the following address:

County of San Bernardino
Auditor-Controller/Treasurer/Tax Collector
Attn: Central Payroll Accountants
222 W. Hospitality Lane, 3rd Floor
San Bernardino, CA 92415-0030

The Auditor-Controller/Treasurer/Tax Collector will submit the appropriate paperwork to the IRS, once received from the district establishing the Reporting Agent relationship. A copy of the approved form will be mailed back to you.

EDD Form DE48:

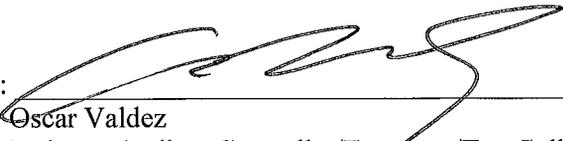
Complete Form DE48, Sections I and IV. After signing the form, make 2 copies and mail the original Form DE48 to the EDD at the address below, Please keep one copy for your files and send the other copy to ATC Central Payroll at the mailing address above.

Employment Development Department
Account Services Group, MIC 28
P.O. Box 826880
Sacramento, CA 94280-0001

The County intends to make the changes for reporting separately by October 1, 2013. Until then, the current process of filing your tax returns and making deposits or payments using the county's ID numbers will remain in place. Please contact Suzanne Lopez, Central Payroll Accountant, at (909) 386-8770 or Suzanne.lopez@atc.sbcounty.gov, if you have any questions regarding this process. Thank you for your cooperation.

Sincerely,

Larry Walker
Auditor-Controller/Treasurer/Tax Collector
San Bernardino County

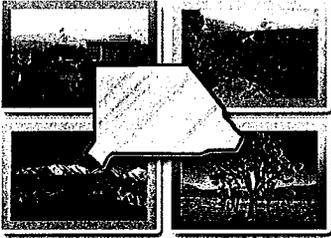
By: 
Oscar Valdez
Assistant Auditor-Controller/Treasurer/Tax Collector

LDW:OV:VJD:JJ:oac

Enclosure

**LAFCO Response to County Auditor
Controller Dated July 24, 2013**

Attachment 2



LAFCO

Local Agency Formation Commission for San Bernardino County

215 North D Street, Suite 204
San Bernardino, CA 92415-0490
909.383.9900 | Fax: 909.383.9901
E-mail: lafco@lafco.sbcounty.gov
www.sbcalfco.org

Established by the State of California
to serve the Citizens, Cities, Special Districts
and the County of San Bernardino

COMMISSIONERS

JIM BAGLEY
Public Member

KIMBERLY GOX, Vice Chair
Special District

JAMES V. OURATALO, Chair
Special District

ROBERT A. LOVINGOOD
Board of Supervisors

LARRY McCALLON
City Member

JAMES RAMOS
Board of Supervisors

DIANE WILLIAMS
City Member

ALTERNATES

DAWN ROWE
City Member

JANICE RUTHERFORD
Board of Supervisors

SUNIL SETHI
Public Member

ROBERT W. SMITH
Special District

STAFF

KATHLEEN ROLLINGS-MCDONALD
Executive Officer

SAMUEL MARTINEZ
Assistant Executive Officer

MICHAEL TIERPE
Project Manager

REBECCA LOWERY
Clerk to the Commission

LEGAL COUNSEL

CLARK H. ALSOP

July 24, 2013

Larry Walker
Auditor-Controller/Treasurer/Tax Collector
County of San Bernardino
222 West Hospitality Lane, Fourth Floor
San Bernardino, CA 92415-0018

RE: Payroll & Accounting Service Contract Revision

Dear Mr. Walker:

Please accept this letter as notice of the Local Agency Formation Commission's intent to pursue contract negotiations with the County of San Bernardino to continue to utilize its payroll service. This action was taken by the Commission on July 17, 2013, and a copy of the staff report is attached. Please forward contract information for LAFCO's review at your earliest convenience so that we can present it to the Commission during the October 16, 2013 Hearing.

Please feel free to contact me at (909) 383-9900 or by email at kmcdonald@lafco.sbcounty.gov with any questions or concerns related to this letter.

Sincerely,

KATHLEEN ROLLINGS-MCDONALD
Executive Officer

KRM:rcf

cc: Oscar Valdez, Assistant Auditor-Controller/Treasurer/Tax Collector

**Letter from County of San Bernardino
dated November 7, 2013**

Attachment 3

AUDITOR-CONTROLLER/ TREASURER/TAX COLLECTOR



COUNTY OF SAN BERNARDINO

LARRY WALKER
Auditor-Controller/
Treasurer/Tax Collector

- 222 West Hospitality Lane, Fourth Floor
San Bernardino, CA 92415-0018 • (909) 387-8322 • Fax (909) 386-8830
- 172 West Third Street, First Floor
San Bernardino, CA 92415-0360 • (909) 387-8308 • Fax (909) 387-6716

November 7, 2013

Kathleen Rollings-McDonald
Executive Officer
Local Agency Formation Commission
215 North D. Street
San Bernardino, CA 92415-0490

Re: Payroll and Accounting Services Contract Revision

In our letter dated June 21, 2013, we notified you that it will be necessary for the County to restructure its existing contracts for Payroll and Accounting Services with Special Districts/JPAs that operate independently. This restructure is necessary as a result of the employer shared responsibility provisions under section 4980H of the Internal Revenue Code (IRC) affected by the Affordable Care Act. With the new responsibility provisions, the reporting relationship will change to "Reporting Agent" (IRS form 8655).

During this process, we recognized LAFCO's contract is not in the current template form and we are in the process of updating that contract accordingly. We anticipate presenting this revised contract to the County Board of Supervisors in December but no later than January 2014. Our office will then work with LAFCO to complete and execute the contract.

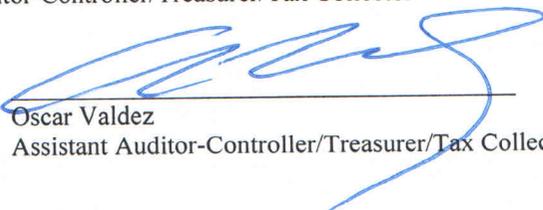
Be assured that payroll services will be provided in the same manner as before; however, recent changes in legislation will require your payroll taxes to be reported and paid under LAFCO's Federal and State Employer Identification Numbers. To date LAFCO has not provided those numbers to our office. In addition, LAFCO is required to appoint the County as its Tax Reporting Agent by completing Internal Revenue Service (IRS) Form 8655 - Reporting Agent Authorization and Employment Development Department (EDD) Form DE 48 - Power of Attorney Declaration.

Since LAFCO has chosen to continue using County payroll, please prepare the above referenced documents in accordance with the instructions outlined in our June 21, 2013 letter. Please send the original IRS Form 8655 and a copy of EDD Form DE48 to our office by November 22, 2013. Upon receipt, our office will make the necessary changes so that we can deposit and pay taxes on behalf of LAFCO using its own Federal and State EIN.

Please contact Suzanne Lopez, Accountant, Central Payroll, at (909) 386-8770 or Suzanne.lopez@atc.sbcounty.gov, if you have any questions regarding this process. Thank you for your cooperation.

Sincerely,

Larry Walker
Auditor-Controller/Treasurer/Tax Collector

By: 
Oscar Valdez
Assistant Auditor-Controller/Treasurer/Tax Collector

LDW:OV:SH:MGA:dlp

LOCAL AGENCY FORMATION COMMISSION FOR SAN BERNARDINO COUNTY

215 North D Street, Suite 204, San Bernardino, CA 92415-0490
(909) 383-9900 • Fax (909) 383-9901
E-MAIL: lafco@lafco.sbcounty.gov
www.sbclafco.org

DATE: NOVEMBER 12, 2013 
FROM: KATHLEEN ROLLINGS-McDONALD, Executive Officer
SAMUEL MARTINEZ, Assistant Executive Officer
TO: LOCAL AGENCY FORMATION COMMISSION

SUBJECT: Agenda Item #6: Consideration of Amendment to Fee Waiver/Reduction Policy and Fee Schedule Related to LAFCO Filing Fees

RECOMMENDATION:

Staff recommends that the Commission:

1. Approve the revised fee waiver/reduction policy (Policy # 8 of the Accounting and Financial Policies) as shown below:
8. **LAFCO FILING FEE WAIVER/REDUCTION PROVISIONS** (*Adopted June 10, 1981 (effective July 1, 1981); Amended March 20, 1996, July 18, 2001, May 17, 2006, May 16, 2007, and November 20, 2013*)
 - a. Automatic Waivers:

For proposals that correct a boundary alignment problem (i.e., a divided assessor's parcel or inadvertent exclusion), the LAFCO Filing Fee will be automatically waived. All required deposits (anticipated direct costs for legal counsel, environmental review, and registered voter/landowner notification) including any completion fees/deposits applicable will be charged at full cost.

For reorganization proposals that require a concurrent sphere of influence amendment (expansion and/or reduction) and reorganization (annexation and/or detachment) for the same area, the Sphere of Influence Update/Service Review filing fee will be automatically waived – provided the reorganization/sphere proposal does not exceed 100 acres for areas within the Valley or Mountain region or 640 acres for areas within the Desert region (North or South Desert). The Annexation, Detachment, or Reorganization

filing fee including all other deposits and any completion fees/deposits applicable will be charged at full cost.

b. Automatic Reductions:

City annexations of island areas that comply with Government Code Section 56375.3 will be assessed one-half of the LAFCO filing fee for each area of consideration. All required deposits and any completion fees/deposits applicable will be charged at full cost.

The readjustment of agency boundaries as a result of the realignment of a roadway will be reduced to a single Annexation, Detachment, or Reorganization filing fee per entity involved no matter how many changes or separate areas are included in the proposal. All required deposits and any completion fees/deposits applicable will be charged at full cost.

c. Request for Waiver or Reduction of Fees (to be reviewed and approved by the Commission):

Any applicant may request for a waiver or reduction of the LAFCO filing fee to be charged. The request must be submitted in writing and accompany the submission of the application to the LAFCO Executive Officer. The request shall include a justification for the request and the fee(s) it is requesting to be waived or the dollar amount of fees being reduced. The Executive Officer shall present the waiver/reduction request for Commission review on the consent calendar at the next regular hearing. The Commission may waive/reduce the filing fee if it determines that payment would be detrimental to the public interest pursuant to Government Code Section 56383(d). A waiver/reduction of fees is limited to those costs incurred by the Commission in processing the proposal. The Commission may authorize a waiver or reduction of the LAFCO filing fee based upon the special circumstances of the proposal, if any. Processing of the application shall be held in abeyance until a decision is rendered by the Commission regarding the request for fee waiver/reduction.

2. Review the proposed changes to the Fee Schedule related to the LAFCO Filing Fees, provide staff with further direction on changes or amendments to be included, and schedule the final review and adoption of the revised Schedule of Fees, Deposits, and Charges for the January 15, 2014 hearing.

BACKGROUND:

At the October 2013 hearing, the Commission reviewed a request for reduction of filing fees for LAFCO 3175. As a part of the discussion questions were raised as to whether there was the need to change the fee schedule to remove such requests for the future. In addition, the Commission directed staff to look into reducing the filing fees for annexations/reorganizations that include very large areas particularly in the Desert region.

Fee Waiver Provisions

Government Code Section 56383(d) provides the ability for the Commission to address the issue of a reduction or waiver of a fee charge or deposit. The language of this Section reads as follows:

(d) The commission may reduce or waive a fee, service charge, or deposit if it finds that payment would be detrimental to the public interest. The reduction or waiver of any fee, service charge, or deposit is limited to the costs incurred by the commission in the proceedings of an application.

This Commission has utilized this section to adopt its fee waiver policy since its original adoption in 1981. Over the years, amendments have been made but the intent is to allow a mechanism for the Commission to address inequities that may arise from unique proposals. The current policy related to fee waiver and/or reduction reads as follows:

8. FEE WAIVER PROVISIONS

a. *Automatic Waivers:*

The LAFCO filing fee for proposals that correct a boundary alignment problem (i.e., a divided assessor's parcel or inadvertent exclusion) will be automatically waived provided, however, that a deposit will be required for the anticipated direct costs for environmental review and the required registered voter and landowner notification. Compliance with these conditions is to be determined by the LAFCO Executive Officer.

b. *Automatic Reductions:*

City annexations of island areas that comply with Government Code Section 56375.3 will be assessed one-half of the LAFCO filing fee for each area of consideration within the proposal. All other fees and deposits will be assessed at full cost.

The realignment of city or special district boundaries required by the realignment of a roadway will be reduced to a single change of organization fee per entity involved no matter how many changes or separate areas are included in the proposal. The Executive Officer is authorized to notify the entities involved and no further action is required for this reduction.

c. *Request for Waiver or Reduction of Fees (to be reviewed by the Commission):*

Any applicant may appeal for a waiver or reduction of the LAFCO filing fee to be charged. An appeal must be submitted in writing and accompany the submission of the application to the LAFCO Executive Officer. The Executive Officer shall present the waiver/reduction request at the next regular hearing for Commission consideration on the consent calendar. The Commission may waive the filing fee

if it first determines that payment would be detrimental to the public interest (required by Government Code Section 56383). A waiver of fees is limited to those costs incurred by the Commission in processing the proposal. The Commission may authorize a reduction in the LAFCO filing fee based upon the special circumstances of the proposal, if any. Processing of the application shall be held in abeyance until a decision is rendered by the Commission regarding the appeal of fees.

Over the past 10 years, the Commission considered applicant requests for waiver or reduction of fees a total of nine times for a variety of reasons. Only two of the requests were similar, those that required a sphere of influence expansion and annexation concurrently for the same area. The Commission approved the request for reduction and charged both proposals a single fee - assessing only the annexation filing fee and waiving the filing fee for the sphere amendment. At this time staff is recommending that the Commission include this as an automatic waiver reducing the filing fees. This type of concurrent sphere amendment and annexation where the boundaries of the sphere of influence expansion and annexation are contiguous has occurred many times in the past and are considered at the same hearing with a single legal advertisement and environmental assessment.

However, such a sphere of influence amendment also requires a service review. Since, a service review can get complicated particularly if it involves larger areas of vacant land proposed for development, staff is recommending that this policy be limited to proposals that are less than 100 acres in size for the Valley and Mountain regions and 640 acres for the Desert regions. By limiting the size component, the review of the proposal can be isolated to a single parcel development or smaller types of development that may not require a comprehensive service review and sphere change.

With regard to the other seven requests that were made in the last 10 years, none of them were for the same reason. Some members of the Commission identified concern at the last hearing on the processing of the waiver request and recommendation of support by staff; questioning whether the proposed action necessitated a policy change. The current policy and procedure allows the Commission to review the rationale for requesting a reduction or waiver of filing fees as they directly relate to the costs incurred by the Commission in processing the application as allowed by law. Therefore, staff believes that the policy addresses existing law as well as allowing for the flexibility for the Commission to make its determination on the merits of each request.

Having said that, it is impossible to predict ever circumstance in which a potential applicant would request for a waiver or reduction of fees. Therefore, LAFCO staff is proposing to slightly modify the language for Item C to include a provision that requires the applicant to provide a justification for the request and identify the fee or deposit it is requesting to be waived or specify the dollar amount of the fee, deposit or charge to be reduced. In the future, such requests will be included automatically on the consent calendar for consideration and will only be deliberated if the Commission wishes to pull the item for review and discussion.

The proposed changes to the fee waiver/reduction policy, including the additional clean-up language are included as Attachment #1 to this report. The amended policy shows additions in blue bold text and deletions in red strikeout.

Fee Schedule

As a part of the overall discussion of the fee reduction, the Commission requested staff to look into ways to address very large reorganization proposals that occur particularly in the desert region. The desert region usually has larger parcel configurations as compared to the valley and/or mountain region. This is due to the fact that the types of land uses in the desert region are predominantly Rural Living (minimum of 2.5 acre lots) and Resource Conservation (minimum of 40 acre lots) while the valley and mountain region have the typical single family residential land uses that are usually less than 10,000 square feet per lot. Because the LAFCO change of organization filing fee is generally based on total acreage, many of the desert region proposals are being assessed a much larger fee. Therefore, staff is proposing to keep the current fee structure that would apply only to the valley and/or mountain regions, and have a separate fee structure for the desert region (which includes north and south desert areas):

Valley and Mountain Region

	Under 20 acres	20 – 150 acres	151 – 275 acres	Over 275 acres
City	\$5,500	\$7,000	\$9,000	\$9,000 plus \$1 per acre over 640 acres
District	\$5,000	\$6,000	\$7,500	\$7,500 plus \$1 per acre over 640 acres

Desert Region

	Under 150 acres	150 – 640 acres	641 – 1,920 acres	Over 1,920 acres
City	\$5,500	\$7,000	\$9,000	\$9,000 plus \$1 per acre over 1,920 acres
District	\$5,000	\$6,000	\$7,500	\$7,500 plus \$1 per acre over 1,920 acres

The new Desert Region fee structure has the same number of columns as the original structure. Although the divisions for each column are not based on any mathematical formula, the rationale of each division is as follows:

- Under 150 acres - This column takes into account smaller proposals that are less than 150 acres, which also includes those proposals that would qualify under the 150-acre limit for city island annexation.
- 150-640 acres - This column includes those proposals that are more than 150 acres up to a section of a survey township (usually a square mile). Most of the parcels in the desert that have not been subdivided would be an entire section of land.
- 641-1,920 acres - This column includes those proposals that are more than a square mile up to three sections of a survey township (3 square miles).
- Over 1,920 acres - The fourth and final column takes in anything generally over 3 square miles with a \$1 charge for every acre over 1,920 acres.

The proposed changes to the fee schedule are included as Attachment #2 to this report. The amended fee schedule shows additions in blue bold text and deleted sections in red strikeout.

Since changes to the fee schedule requires the advertisement of the item in a newspaper of general circulation, staff is recommending that the Commission signal its intent to approve the changes proposed by staff, including any other further direction or amendments given by the Commission, and add the item to the January 2014 hearing for final approval.

Should the Commission have any questions, staff will be happy to answer them prior to or at the hearing.

KRM/SM

Attachments:

1. Proposed Changes to the Fee Waiver/Reduction Provisions
2. Proposed Changes to the Fee Schedule related to the LAFCO Filing Fees for Annexation, Detachment, Reorganization

Proposed Changes to the Fee Waiver/Reduction Provisions

Attachment 1

8. **LAFCO FILING FEE WAIVER/REDUCTION PROVISIONS** (Adopted June 10, 1981 (effective July 1, 1981); Amended March 20, 1996, July 18, 2001, May 17, 2006, ~~and~~ May 16, 2007, and November 20, 2013)

a. Automatic Waivers:

~~The LAFCO filing fee f~~For proposals that correct a boundary alignment problem (i.e., a divided assessor's parcel or inadvertent exclusion), the LAFCO Filing Fee will be automatically waived. ~~provided, however, that a deposit will be required for the~~ All required deposits (anticipated direct costs for legal counsel, environmental review, and ~~the required~~ registered voter/~~and~~ landowner notification) including any completion fees/deposits applicable will be charged at full cost.

For reorganization proposals that require a concurrent sphere of influence amendment (expansion and/or reduction) and reorganization (annexation and/or detachment) for the same area, the Sphere of Influence Update/ Service Review filing fee will be automatically waived – provided the reorganization/sphere proposal does not exceed 100 acres for areas within the Valley or Mountain region or 640 acres for areas within the Desert region (North or South Desert). The Annexation, Detachment, or Reorganization filing fee including all other deposits and any completion fees/deposits applicable will be charged at full cost.

~~Compliance with these conditions is to be determined by the LAFCO Executive Officer.~~

b. Automatic Reductions:

City annexations of island areas that comply with Government Code Section 56375.3 will be assessed one-half of the LAFCO filing fee for each area of consideration within the proposal. All ~~other required deposits and any completion~~ fees ~~and/~~ deposits applicable will be ~~assessed charged~~ at full cost.

The ~~realignment of city or special district~~ readjustment of agency boundaries ~~required by~~ as a result of the realignment of a roadway will be reduced to a single ~~change of organization~~ Annexation, Detachment, or Reorganization fee per entity involved no matter how many changes or separate areas are included in the proposal. All required deposits and any completion fees/deposits applicable will be charged at full cost.

~~The Executive Officer is authorized to notify the entities involved and no further action is required for this reduction.~~

- c. Request for Waiver or Reduction of Fees (to be reviewed and approved by the Commission):

Any applicant may appeal for a waiver or reduction of the LAFCO filing fee to be charged. ~~An appeal~~The request must be submitted in writing and accompany the submission of the application to the LAFCO Executive Officer. The request shall include a justification for the request and the fee(s) it is requesting to be waived or the dollar amount of fees being reduced.- The Executive Officer shall present the waiver/reduction request for Commission review on the consent calendar at the next regular hearing ~~for Commission consideration on the consent calendar~~. The Commission may waive or reduce the filing fee if it ~~first~~ determines that payment would be detrimental to the public interest (~~required by~~pursuant to Government Code Section 56383(d)). A waiver or reduction of fees is limited to those costs incurred by the Commission in processing the proposal. The Commission may authorize a waiver or reduction in the LAFCO filing fee based upon the special circumstances of the proposal, if any. Processing of the application shall be held in abeyance until a decision is rendered by the Commission regarding the ~~appeal of~~request for fees waiver/reduction.

**Proposed Changes to the Fee Schedule
related to the LAFCO Filing Fees for
Annexation, Detachment, Reorganization**

Attachment 2

A. LAFCO Filing Fees:

1. Annexation, Detachment, Reorganization – involving solely annexations and/or detachments

Valley and Mountain Region

	Under 20 acres	20 – 150 acres	150 151 – 275 acres	Over 275 acres
City	\$5,500	\$7,000	\$9,000	\$9,000 plus \$1 per acre over 275 acres
District	\$5,000	\$6,000	\$7,500	\$7,500 plus \$1 per acre over 275 acres

Desert Region (North and South Desert)

	<u>Under 100 acres</u>	<u>100 – 640 acres</u>	<u>641 – 1,920 acres</u>	<u>Over 1,920 acres</u>
<u>City</u>	<u>\$5,500</u>	<u>\$7,000</u>	<u>\$9,000</u>	<u>\$9,000 plus</u> <u>\$1 per acre over 1,920 acres</u>
<u>District</u>	<u>\$5,000</u>	<u>\$6,000</u>	<u>\$7,500</u>	<u>\$7,500 plus</u> <u>\$1 per acre over 1,920 acres</u>

The fees identified above shall be assessed for each area of consideration within the proposal. A single area means any separate geographical area requiring a legal description. A “single area” does not include two areas that are contiguous only at a point, or two or more areas that are contiguous to an existing boundary of a city or district but not to each other. [Review the Commission’s Policy #8 of the Accounting and Financial Policies related to LAFCO Filing Fee Waiver or Reduction.](#) ~~City island annexations filed pursuant to Government Code 56375.3 will be assessed one-half of the LAFCO filing fee pursuant to Commission Policy #18 section 2. Also review automatic waiver provisions under “Policies Related to Implementation of Fee Schedule” for further information.~~

LOCAL AGENCY FORMATION COMMISSION FOR SAN BERNARDINO COUNTY

215 North D Street, Suite 204, San Bernardino, CA 92415-0490
(909) 383-9900 • Fax (909) 383-9901
E-MAIL: lafco@lafco.sbcounty.gov
www.sbclafco.org

DATE: NOVEMBER 8, 2013
FROM: KATHLEEN ROLLINGS-McDONALD, Executive Officer
TO: LOCAL AGENCY FORMATION COMMISSION



SUBJECT: AGENDA ITEM #7– LEGISLATIVE UPDATE REPORT

RECOMMENDATION:

Staff recommends that the Commission note receipt of the report and file.

BACKGROUND:

The 2013 Legislative Session, the first year of a two year cycle, has concluded and two LAFCO sponsored bills were approved. Attached to this report is information from CALAFCO in its October 23, 2013 Legislative Report (Attachment 1), the Senate Local Government Committee “Greatest Hits” list of Important bills for 2013 (Attachment 2). In addition, CALAFCO has developed a “Legislative Proposal Request” form (Attachment 3) for use in presenting legislative changes to the CALAFCO Legislative Committee for consideration.

Two bills identified in both reports as being signed into law affect LAFCO and its processing:

- AB 1427 – the CALAFCO Omnibus bill identifies nine separate, non-substantive changes to LAFCO law. These include amendments to the definitions of “independent special district” and “landowner”, amendment to the provisions for the operation of the independent special district selection committee, an amendment to the special procedures for annexation of territory to any city in Santa Clara county, a clarification of signature requirements for petitions for a merger of a district with its overlapping city and the dissolution of a special district, a change to the notice requirements to exclude a special provision for Los Angeles County, a change in the protest process for a dissolution to clarify when an election is required if the proposal is initiated by the Commission, and finally a change to correct a code citation in the requirement for calling an election to reflect changes approved in the prior legislative session. All of these changes take effect January 1, 2014. None of these require an immediate review of San Bernardino LAFCO processing requirements.

- AB 743 (Logue) amends Sections 56375.3 and 56375.4 (island annexation procedures removing the right of protest for landowners and voters) and repealing Section 57080 which provided for a simplified protest process for island annexations beginning in January 2014. The amendments to Section 56375.3 and 56375.4 make the island procedures permanent and clarifies that the island was to have been created prior to January 1, 2014.

Of note, this Commission has taken the position that the passage of SB 89, effective July 1, 2012, has created a situation where island annexations do not appear to be sustainable in general; therefore, it amended the Application Processing Policy #10 to include a new Item 3 which states:

The Commission identifies that following passage of SB 89, an urgency budget bill for Fiscal Year 2011-12 removing the motor vehicle in-lieu fees that were provided to incorporations and inhabited annexations completed after 2004, it will no longer automatically require annexation of island areas as a part of a development-related annexation application. The Commission believes that the removal of this discretionary funding renders inhabited annexations unsustainable and discussion of supplemental funding would necessitate a protest process.

In order for the Commission to be apprised of the effects of this change in philosophy and policy, it directs that upon receipt of a development-related annexation or reorganization application, which anticipates development of 500 or more dwelling units and/or 500,000 square feet of commercial/ industrial development, LAFCO staff shall, within 90-days, place an item on the Commission's Information Item calendar to review that City's unincorporated island areas which meet the criteria identified in Government Code Section 56375.3. It is understood that this is a policy declaration of the Commission which may be overridden based upon individual circumstance.

Also, as the Commission will recall, through the signing of the stipulated agreement related to the lawsuit Hulse vs San Bernardino LAFCO, the City of San Bernardino is precluded from initiating any proposal under these island annexation provisions for territory within its then sphere of influence.

- SB 246 (Fuller) addressing an update to the Special Act for the Bighorn-Desert View Water Agency was supported by the Commission and was signed by the Governor. The legislation will take effect January 1, 2014.

LAFCO staff receives a monthly publication entitled "Debt Line" from the California Debt and Investment Advisory Commission. Attachment 4 to this report includes an excerpt from the October publication. On page 3 it provides a listing of legislation proposed related to Local Finance and Infrastructure. Many of the bills listed are attempts to fill the void left by the elimination of redevelopment agencies through changes to Infrastructure Financing Districts or the creation of a new "Sustainable Communities Investment Authority", "Infrastructure and Revitalization Financing District", or "Community Revitalization and Investment Authority". Infrastructure Financing Districts (Government Code Section 53395 et seq.)

were originally created in 1990 but little used throughout the State due to the limitations imposed on project type and financing structure. The others would be new special districts to allow for financing of infrastructure through tax increment financing. All of these bills have become two year bills. The interest in seeking a new mechanism to address infrastructure financing with, at a minimum, more oversight appears to be robust. LAFCO staff will be monitoring this legislation for the next one year cycle and will provide the Commission with updates on this important legislative trend. The three bills of particular interest to staff with the potential for broad impacts on these funding streams are:

1. SB 33 (Wolk; Co-authors Assembly Members Frazier and V. Manuel Perez) – this bill proposes to revise the procedures for creation and financing of Infrastructure Financing Districts (Govt. Code Section 53395) which, among other changes, allows for tax increment financing (excluding it from the provisions of Article XIII B of the Constitution) as well as allowing for the distribution of funds from the Redevelopment Property Tax Transfer Fund. A copy of the bill is included as Attachment 5.
2. AB 229 (Perez; Principal Co-Authors Assembly Members Atkins, Bonilla, Bonta, Cooley, Dickinson, Gordon, Harkey, Quirk-Silva, and Wagner and Senators DeSaulnier and Torres) and AB 243 (Dickinson; Principal Co-Authors Assembly Members Atkins, Bonta and John A. Perez) – these bills propose the creation of a new type of district to be known as an “Infrastructure and Revitalization Financing District”. Of note neither of these districts would allow for the use of Redevelopment Property Tax Transfer funds and specifically excludes the use of the agency to fund ongoing maintenance and operations. Copies of these bills are included as Attachments 6 and 7 respectively.

The CALAFCO Legislative Committee appointments were approved on November 8, 2013 and I have been selected to maintain my seat on that Committee. The first conference call of the year is scheduled for November 25, 2013.

No actions are recommended to be taken at this hearing; however, if the Commission has direction on any legislation it can be provided to staff at this hearing. Staff will be happy to answer any questions prior to or at the hearing.

KRM:

ATTACHMENTS:

1. CALAFCO Legislative Report Update Dated October 23, 2013
2. Senate Committee on Governance and Finance Listing of Important Legislation for 2013
3. CALAFCO Legislative Proposal Request Form
4. Excerpt from California Debt and Investment Advisory Commission Publication “Debt Line” Listing State Legislation Affecting Finance
5. Senate Bill 33 (Wolk) Infrastructure Financing Districts
6. Assembly Bill 229 (John A. Perez) Infrastructure and Revitalization Financing District
7. Assembly Bill 243 (Dickinson) Infrastructure and Revitalization Financing District

**CALAFCO Legislative Report Update
Dated October 23, 2013**

Attachment 1

CALAFCO SPONSORED BILLS

([Mullin D](#)) Sustainable communities.
Current Text: Amended: 7/3/2013
Introduced: 2/19/2013
Last Amend: 7/3/2013

Status: Died in Senate Appropriations.

[AB 453](#)

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

Summary: The Strategic Growth Council is required to manage and award grants and loans to a council of governments, metropolitan planning organization, regional transportation planning agency, city, county, or joint powers authority for the purpose of developing, adopting, and implementing a regional plan or other planning instrument to support the planning and development of sustainable communities. This bill would make a local agency formation commission eligible for the award of financial assistance for those planning purposes.

CALAFCO Comments: While in the Senate Natural Resources Committee, an amended was presented to the bill that would add requirements to Government Code section 56668(g) for LAFCOs to consider factors relating to regional transportation plans and greenhouse gas emissions in MSRs when reviewing proposals. After much discussion and work with the author and Committee staff, CALAFCO ultimately decided it could no longer sponsor or support the bill with that amendment. As a result, CALAFCO removed its sponsorship of the bill while the bill was still being held in Senate Appropriations, where it ended up dying.

(Committee on Local Government) Cortese-Knox-Hertzberg Local Government Reorganization Act of 2000.
Current Text: Chaptered: 8/12/2013
Introduced: 4/1/2013
Last Amend: 4/30/2013

Status: Chaptered by Secretary of State - Chapter 87, Statutes of 2013.

[AB 1427](#)

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

Summary: The Cortese-Knox-Hertzberg Local Government Reorganization Act of 2000 (act), provides the sole and exclusive authority and procedure for the initiation, conduct, and completion of changes of organization and reorganization for cities and districts. This bill would specify that the definition excludes any independent special district having a legislative body consisting, in whole or in part, of ex officio members who are officers of a county or another local agency or who are appointees of those officers other than those who are appointed to fixed terms. This bill contains other related provisions and other existing laws.

CALAFCO SUPPORTED BILLS

([Logue R](#)) The Cortese-Knox-Hertzberg Local Government Reorganization Act of 2000.
Current Text: Chaptered: 8/26/2013
Introduced: 2/21/2013
Last Amend: 6/11/2013

[AB 743](#)

Status: Chaptered by Secretary of State - Chapter 138, Statutes of 2013.

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

Summary: The Cortese-Knox-Hertzberg Local Government Reorganization Act of 2000 authorizes a local agency formation commission to approve, after notice and hearing, a petition for a change of organization or reorganization of a city, if the petition was initiated on or after January 1, 2010, and before January 1, 2014, and waive protest proceedings entirely if certain requirements are met. This provision applies only to territory that does not exceed 150 acres. This bill would delete the January 1, 2014, date and make conforming changes. This bill contains other related provisions and other existing laws.

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

Current Text: Amended: 4/15/2013

Introduced: 2/21/2013

Last Amend: 4/15/2013

Status: **Died in Senate Appropriations.**

[AB 678](#)

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

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

([Roth D](#)) Local government finance: property tax revenue allocation: vehicle license fee adjustments.

Current Text: Amended: 6/11/2013

Introduced: 1/7/2013

Last Amend: 6/11/2013

Status: **Senate Appropriations**

Location: 6/19/2013-S. APPR.

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

[SB 56](#)

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

Update: On the last day of session, with SB 56 stuck in Senate Committee, SB 69 was gut/amended on the Assembly Floor to reflect the exact language of SB 56. While the Pro-tem supported the idea of SB 56, and there were some encouraging conversations with the Pro-tem, Speaker, and Governor, there remained concerns over the price tag to the General Fund for this bill. The Pro-tem supported this and two other bills, all of which had a heavy price tag to the GF. In the end Steinberg could not support moving one forward and not advancing the others. The Speaker now has interest in this issue as does several of his members. One or two Assembly members (one being Fox – Santa Clarita) may carry language making whole prior inhabited annexations in the next year. Strategically they need to round up enough members to get a bill passed, which is not the case at the moment. There continues to be talk about using Prop 172 money as a temporary fix, but that does not solve the long-term problem created by SB 89. Expect to see more on this issue in the next legislative cycle.

(Committee on Governance and Finance) Validations.

[SB 181](#)

Current Text: Chaptered: 7/3/2013 Introduced: 2/6/2013

Last Amend: 5/28/2013

Status: **7/3/2013-Chaptered by Secretary of State - Chapter 57, Statutes of 2013.**

2Year Dead	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 2013, which would validate the organization, boundaries, acts, proceedings, and bonds of the state and counties, cities, and specified districts, agencies, and entities. This bill contains other related provisions.

[SB 184](#)

(Committee on Governance and Finance) Local government: omnibus bill.

Current Text: Chaptered: 9/6/2013

Introduced: 2/6/2013

Last Amend: 8/8/2013

Status: 9/6/2013-Chaptered by Secretary of State - Chapter 210, Statutes of 2013.

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

Summary: Current law requires any person who intends to offer subdivided lands within this state for sale or lease to file with the Department of Real Estate an application for a public report consisting of a notice of intention and a completed questionnaire, as specified. This bill would specify that a lot, parcel, or unit satisfies the requirement that it be improved with a completed residential structure if it is improved with a completed residential structure at the time it is conveyed by the subdivider. This bill contains other related provisions and other existing laws.

Other Bills Tracked By CALAFCO

(Hill D) Use of public resources.

Current Text: Chaptered: 10/12/2013

Introduced: 2/22/2013

Last Amend: 9/4/2013

Status: 10/12/2013-Chaptered by Secretary of State - Chapter 773, Statutes of 2013.

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

[SB 594](#)

Summary: Would prohibit a nonprofit organization or an officer, employee, or agent of a nonprofit organization from using, or permitting another to use public resources received from a local agency for campaign activity, as defined, and not authorized by law. This bill would define, among other terms, "public resources" to mean any property or asset owned by a local agency and funds received by a nonprofit organization which have been generated from any activities related to conduit bond financing by those entities subject to specified conduit financing and transparency and accountability provisions, and "nonprofit organization" to mean an entity incorporated under the Nonprofit Corporation Law or a nonprofit organization that qualifies for exempt status under the federal Internal Revenue Code of 1986, except as specified. This bill contains other related provisions and other existing laws.

CALAFCO Comments: As amended, SB 594 places new restrictions on nonprofit organizations that receive public funds and participate in certain campaign activities. While CALAFCO does not engage in advocacy of ballot measure positions or candidates, we felt the bill contained broad language that would be subject to wide interpretation by many including the Attorney General, which created the opportunity for expensive and unnecessary litigation for these nonprofit organizations. For this and a number of other reasons, CALAFCO originally took an Oppose position on the bill. Amendments made on September 3, 2013 address a number of CALAFCO concerns including the removal of the most harmful of actions identified in "election activities", and as such CALAFCO removed their opposition of the bill and took a more neutral position of watch. Other agencies such as CSAC and the League changed their positions from Oppose to Support.

([Emmerson R](#)) Drinking water.
 Current Text: Amended: 9/6/2013
 Introduced: 2/22/2013
 Last Amend: 9/6/2013

Status: Died in Senate Governance & Finance Committee

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

[SB 772](#)

Summary: Would exempt the Elsinore Valley Municipal Water District and the Eastern Municipal Water District from liability for injuries or damages arising out of the delivery of water to County Water Company of Riverside customers, as specified.

CALAFCO Comments: As originally written, this bill required LAFcos to work directly with private water companies and created significant unfunded mandates for LAFcos; would have changed service review information gathering on mutual and private water agencies from “may” to “shall” and required private water agencies to produce spheres of influence. After significant opposition, the bill was amended by the author. As amended, this bill would exempt the Elsinore Valley Municipal Water District and the Eastern Municipal Water District from liability for injuries or damages arising out of the delivery of water to County Water Company of Riverside customers, as specified. As amended this bill no longer referenced LAFcos to take on the responsibility of monitoring private water companies. As a result of removing any and all references to LAFco, CALAFCO removed its opposition and took a Watch position.

([Alejo D](#)) Safe Drinking Water Small Community Emergency Grant Fund.
 Current Text: Chaptered: 10/8/2013
 Introduced: 12/3/2012
 Last Amend: 9/3/2013

Status: Chaptered by Secretary of State - Chapter 628, Statutes of 2013.

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

[AB 21](#)

Summary: Would authorize the Department of Public Health to assess a specified annual charge in lieu of interest on loans for water projects made pursuant to the Safe Drinking Water State Revolving Fund, and deposit that money into the Safe Drinking Water Small Community Emergency Grant Fund, which the bill would create in the State Treasury. The bill would limit the grant fund to a maximum of \$50,000,000. The bill would authorize the department to expend the money for grants for specified water projects that serve disadvantaged and severely disadvantaged communities, thereby making an appropriation.

([Perea D](#)) Safe Drinking Water State Revolving Fund.
 Current Text: Chaptered: 10/8/2013
 Introduced: 1/14/2013
 Last Amend: 9/6/2013

Status: Chaptered by Secretary of State - Chapter 630, Statutes of 2013.

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

[AB 115](#)

Summary: Would authorize a legal entity, as defined, to apply for grant funding on behalf of one or more public water systems serving disadvantaged or severely disadvantaged communities if specified requirements are met, including having a signed agreement with each public water system for which it is applying for funding. By authorizing the use of a continuously appropriated fund for new purposes, this bill would make an appropriation. This bill contains other related provisions and other existing laws.

([Campos D](#)) California Environmental Quality Act: translation.

Current Text: Amended: 5/24/2013

Introduced: 2/20/2013

Last Amend: 5/24/2013

Status: Died in Senate Environmental Quality.

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

[AB 543](#)

Summary: Would require a lead agency to translate, as specified, certain notices required by the California Environmental Quality Act and a summary of any negative declaration, mitigated negative declaration, or environmental impact report when a group of non-English-speaking people, as defined, comprises at least 25% of the population within the lead agency's jurisdiction and the project is proposed to be located at or near an area where the group of non-English-speaking people comprises at least 25% of the residents of that area. By requiring a lead agency to translate these notices and documents, this bill would impose a state-mandated local program. This bill contains other related provisions and other existing laws.

CALAFCO Comments: As amended, requires a lead agency to translate certain notices, summary of a negative declaration, mitigated negative declaration, or environmental impact report when the impacted community has 25% or more non-English speaking people affected by the project. The requirement is to translate these notices and summaries in the native language of those impacted. This is an unfunded mandate. While LAFCo is not typically the lead agency, there may be an occasion when they are, and this could have significant resource implications.

([Gordon D](#)) Local agencies: financial management training.

Current Text: Vetoed: 10/7/2013

Introduced: 2/22/2013

Last Amend: 9/6/2013

Status: 10/7/2013-Vetoed by the Governor

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

[AB 1235](#)

Summary: Would require a local agency official, in local agency service as of January 1, 2014, or thereafter, except for an official whose term of office ends before January 1, 2015, to receive training in financial management if the local agency provides any type of compensation, salary, or stipend to, or reimburses the expenses of, a member of a legislative body. The bill would require the Treasurer's office and the Controller's office, in consultation with other state agencies, associations, and outside experts, to work together to develop standardized criteria that sufficiently meet specified requirements. This bill contains other related provisions and other existing laws.

CALAFCO Comments: Requires that if a local agency provides any type of compensation, salary, or stipend to, or reimburses the expenses of, a member of the legislative body, the member shall receive one-4 hour state mandated Financial Management training per term of office. Effective January 1, 2014 for those in office as of that date (whose term of office extends beyond January 1, 2015). Those elected to more than one legislative body may take the training one time and have it apply to all legislative bodies on which they serve. This would apply to a LAFCo Commissioner who receives a stipend or is reimbursed for expenses in the performance of their Commissioner duties.

Governor's Veto Message: "I am returning Assembly Bill 1235 without my signature. This bill imposes financial management training requirements on elected city, county and special district officials at potentially significant costs to the state. I believe local governments can impose appropriate financial management training without the aid of the State General Fund. Sincerely, Edmund G. Brown Jr."

([Cooley D](#)) Controller: internal control guidelines applicable to local agencies.

Current Text: Chaptered: 8/28/2013

Introduced: 2/22/2013

Last Amend: 5/24/2013

[AB 1248](#)

Status: Chaptered by Secretary of State - Chapter 190, Statutes of 2013.

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

Summary: Would require the Controller, on or before January 1, 2015, to develop internal control guidelines applicable to a local agency, as defined, to prevent and detect financial errors and fraud, based on specified standards and with input from any local agency and organizations representing the interests of local agencies. This bill would require the Controller to, by the same date, post the completed internal control guidelines on the Controller's Internet Web site and update them, as he or she deems necessary, as specified.

([Rendon D](#)) Mutual water companies.

Current Text: Chaptered: 10/8/2013

Introduced: 2/5/2013

Last Amend: 8/13/2013

[AB 240](#)

Status: Chaptered by Secretary of State - Chapter 633, Statutes of 2013.

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

Summary: Current law requires each board member of a mutual water company that operates a public water system to complete a training course regarding the duties of board members of mutual water companies, as specified. This bill would require a board member to repeat this training course every 6 years. This bill contains other related provisions and other existing laws.

CALAFCO Comments: Enacts the Mutual Water Company Open Meeting Act and requires mutual to adopt budgets in open meetings and take public comment. Also requires mutuals to provide certain records to the public upon request.

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

Current Text: Introduced: 2/20/2013

Introduced: 2/20/2013

[AB 642](#)

Status: Died in Senate Judiciary Committee.

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

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

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

([Mullin D](#)) Utility user tax: exemption: distributed generation systems.

Current Text: Chaptered: 10/4/2013

Introduced: 2/21/2013

Last Amend: 8/29/2013

[AB 792](#)

Status: Chaptered by Secretary of State - Chapter 534, Statutes of 2013.

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

Summary: Current law provides that the board of supervisors of any county may levy a utility user tax on the consumption of, among other things, gas and electricity in the unincorporated area of the county. This bill would, until January 1, 2020, exempt from any utility user tax imposed by a local jurisdiction, as defined, the consumption of electricity generated by a clean energy resource, as defined, for the use of a single customer or the customer's tenants.

CALAFCO Comments: This bill is a gut/amend. Originally the bill related to public agencies that use the internet to post their meeting information pursuant to the Ralph M. Brown Act. The original bill is the one CALAFCO was tracking.

([Pavley D](#)) CEQA.

Current Text: Amended: 8/6/2013

Introduced: 2/22/2013

Last Amend: 8/6/2013

[SB 633](#)

Status: Died in Assembly Appropriations.

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

Summary: Would, for purposes of the new information exception to the prohibition on requiring a subsequent or supplemental EIR, specify that the exception applies if new information that becomes available was not known and could not have been known by the lead agency or any responsible agency at the time the EIR was certified as complete. The bill would authorize the office, by July 1, 2015, to draft and transmit to the secretary revisions to the guidelines to include as a categorical exemption projects involving minor temporary uses of land and public gatherings that have been determined not to have a significant effect on the environment. This bill contains other related provisions and other existing laws.

([Steinberg D](#)) Environment: California Environmental Quality Act.

Current Text: Amended: 9/9/2013

Introduced: 2/22/2013

Last Amend: 9/9/2013

[SB 731](#)

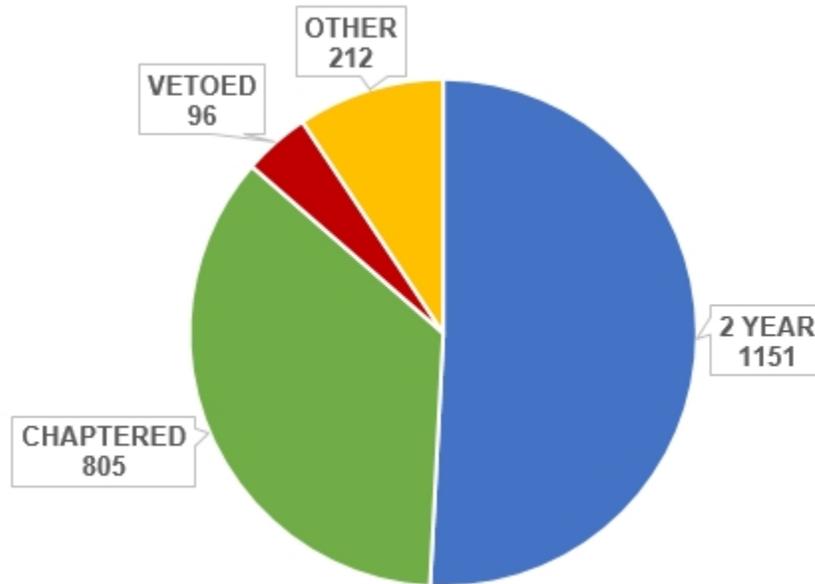
Status: Died in Assembly Local Government Committee

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

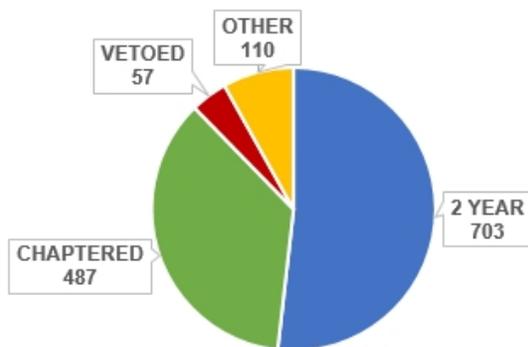
Summary: Would provide that aesthetic and parking impacts of a residential, mixed-use residential, or employment center project, as defined, on an infill site, as defined, within a transit priority area, as defined, shall not be considered significant impacts on the environment. The bill would require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

2013 Legislative Year Bill Summary

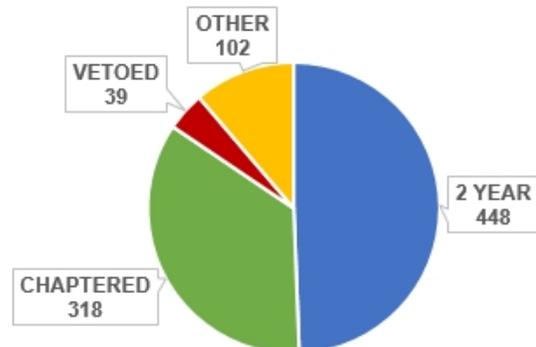
Now that the deadline has passed for Governor Brown to sign or veto 2013 bills, here's a last look at how everything shook out. (*Note: In these statistics, we examine Assembly/Senate Bills, and ignore Constitutional Resolutions, Amendments, etc.*)



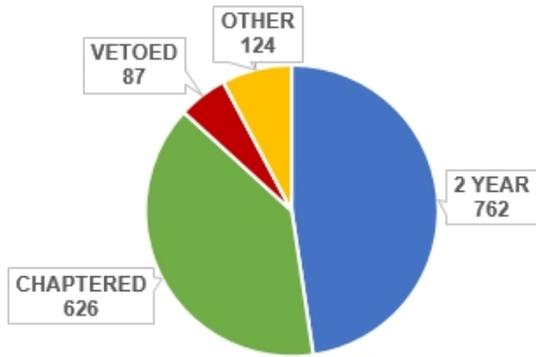
2013 Assembly/Senate Bills



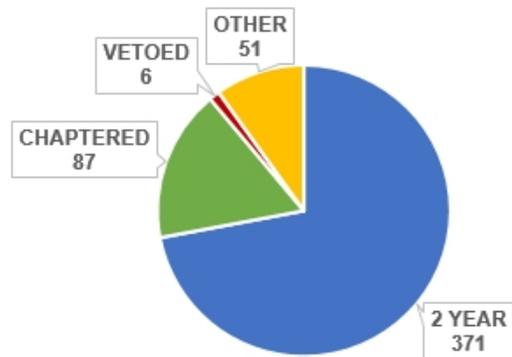
2013 Assembly Bills



2013 Senate Bills



2013 Assembly/Senate Bills
Authored by Democrats



2013 Assembly/Senate Bills
Authored by Republicans

It was also interesting to see what topics were most popular this year. The following Top 10 lists are based on the "relating to" designation in the laws section of each bill.

Taxation	120
Vehicles	54
Local Government	43
Elections	42
Health Care Coverage	37
Transportation	35
State Government	35
Employment	34
Energy	34
Firearms	28
Grand Total	462

Top 10 "Relating To" topics
for all Introduced bills

Taxation	22
Local Government	18
Transportation	18
Vehicles	17
Elections	15
State Government	14
Healing Arts	13
Employment	12
Alcoholic Beverages	12
Health Care Coverage	12
Grand Total	153

Top 10 "Relating To" topics
for Chaptered bills

**Senate Committee on Governance and
Finance Listing of Important Legislation
of 2013**

Attachment 2

Senate Committee on Governance & Finance
Senator Lois Wolk, Committee Chair
State Capitol, Room 408
Sacramento, California 95814
(916) 651-4119

<http://sgf.senate.ca.gov>

October 14, 2013

TO: People Interested in Public Finance and Governance Legislation

FROM: Senator Lois Wolk, Committee Chair

SUBJECT: Important Governance & Finance Bills During 2013

Now that the Legislature has adjourned its regular session for 2013, I want you to know about some of the more interesting bills that the Senate Governance & Finance Committee reviewed during the year. These brief summaries offer a selection of the significant bills the Committee worked on this year. If you want to read the Committee's bill analyses or get a copy of a bill, please go to the Legislature's official website <http://leginfo.legislature.ca.gov>. You can also use that website to retrieve other bill analyses, official histories, voting records, and any veto messages.

Enterprise Zones

SB 434 (Hill) makes substantial changes to the Enterprise Zone hiring credits, vouchers, and disclosure requirements. Status: Senate Floor Inactive File.

AB 93 (Assembly Committee on Budget) repeals the enterprise zone program. Status: Signed; Chapter 69, Statutes of 2013.

Income Tax Form

SB 116 (Liu) extends, until 2019, the Emergency Food for Families income tax check-off. Status: Signed; Chapter 222, Statutes of 2013.

SB 571 (Liu) establishes the Keep Arts in Schools Fund income tax check-off. Status: Signed; Chapter 430, Statutes of 2013.

AB 247 (Wagner) extends, until 2020, the California Fund for Senior Citizens income tax check-off. Status: Signed; Chapter 670, Statutes of 2013.

AB 394 (Yamada) extends, until 2020, the California Alzheimer's Disease and Related Disorders Research Fund income tax check-off. Status: Signed; Chapter 671, Statutes of 2013.

AB 511 (Pan) establishes the American Red Cross, California Chapters Fund income tax check-off. Status: Signed; Chapter 451, Statutes of 2013.

AB 754 (Muratsuchi) establishes the Protect Our Coast and Oceans Fund income tax check-off. Status: Signed; Chapter 323, Statutes of 2013.

AB 1286 (Skinner) temporarily suspends annual adjustment of minimum contribution level for the California Breast Cancer Research Fund check-off. Status: Signed; Chapter 664, Statutes of 2013.

LAFCOs & Boundary Changes

AB 743 (Logue) makes permanent local agency formation commissions' ability to waive protest hearings for the annexation of unincorporated islands. Status: Signed; Chapter 138, Statutes of 2013.

AB 1427 (Assembly Local Government Committee) is the annual Assembly Local Government Omnibus Act, making several minor and noncontroversial changes to state laws affecting local government organization and reorganization. Status: Signed; Chapter 87, Statutes of 2013.

Land Use Planning & Development

SB 450 (Galgiani) requires a city or county that has adopted a local ordinance, which authorizes the removal of an unattended collection box, to impose a charge on the owner of a collection box for costs of removing and storing the box. Status: Senate Governance & Finance Committee.

SB 673 (DeSaulnier) requires a city or county to have a cost-benefit analysis prepared for any proposed retail or commercial facility that receives \$1 or more in subsidies. Status: Senate Floor Inactive File.

SB 758 (Block) extends, from 180 days to 540 days, the amount of time the City of Coronado can take to amend its general plan after an amendment to the airport land use compatibility plan. Status: Signed; Chapter 606, Statutes of 2013.

AB 253 (Levine) extends subdivision requirements to floating home marinas that apply to the conversion of mobilehome parks. Status: Signed; Chapter 432, Statutes of 2013.

AB 551 (Ting) authorizes a county to establish, by ordinance, an “Urban Agriculture Incentive Zone.” Status: Signed; Chapter 406, Statutes of 2013.

AB 562 (Williams) requires a local agency to provide specified information before approving any economic development subsidy. The bill also requires a local agency to issue a specified report for each economic development subsidy. Status: Signed, Chapter 740, Statutes of 2013.

AB 667 (R. Hernández) requires a city or county to make a specified finding based on an economic impact report for superstores. Status: Senate Governance & Finance Committee.

AB 1359 (R. Hernández) allows Quimby Act fees to be used in a neighborhood other than where fees were paid, under specified conditions. Status: Signed, Chapter 412, Statutes of 2013.

Local Finance & Infrastructure

SB 1 (Steinberg) allows local governments to form Sustainable Communities Investment Authorities to administer economic development and affordable housing programs. Status: Senate Floor Inactive File.

SB 33 (Wolk) makes it easier for cities and counties to use Infrastructure Financing Districts (IFDs). Status: Assembly Floor Inactive File.

SB 56 (Roth) reallocates vehicle license fees to recently incorporated cities and cities that have annexed inhabited territory. Status: Senate Appropriations Committee.

SB 69 (Roth) reallocates vehicle license fees to recently incorporated cities and cities that have annexed inhabited territory. Status: Assembly Rules Committee.

SB 142 (DeSaulnier) allows transit operators to levy special benefit assessments to finance transit projects. Status: Signed, Chapter 655, Statutes of 2013.

SB 171 (Hueso) allows Coachella Valley Water District to levy property related fees to pay for constructing, operating, improving, and maintaining the District’s public works. Status: Signed; Chapter 119, Statutes of 2013.

SB 553 (Yee) requires local agencies to follow new procedures for elections proposing to impose or increase property-related fees. Status: Signed; Chapter 215, Statutes of 2013.

SB 628 (Beall) makes it easier for cities and counties to use an IFD that implements a transit priority project. The bill also specifies affordable housing provisions. Status: Senate Desk.

SB 692 (Hancock) amends numerous provisions of the Mello-Roos Community Facilities Act. Status: Signed; Chapter 219, Statutes of 2013.

AB 164 (Wieckowski) requires local governments' public-private partnership agreements for fee-producing infrastructure projects to include performance bonds and payment bonds. Status: Signed; Chapter 94, Statutes of 2013.

AB 229 (J. Pérez) authorizes a military base reuse authority to form an infrastructure and revitalization financing district (IRFD) to finance specified projects. Status: Assembly Floor Inactive File.

AB 243 (Dickinson) authorizes cities and counties to use IRFDs, based on existing IFD law. Status: Assembly Floor Inactive File.

AB 621 (Wagner) prohibits firms that provided bond campaign services from providing bond services. Status: Senate Governance & Finance Committee.

AB 701 (Quirk-Silva) increases Orange County's annual vehicle license fee adjustment amount by \$53 million and repeals a \$50 million augmentation of the county's annual property tax allocation. Status: Signed, Chapter 393, Statutes of 2013.

AB 730 (Alejo) authorizes the Monterey-Salinas Transit District to issue revenue bonds by a 2/3-vote of the governing board. Status: Signed, Chapter 394, Statutes of 2013.

AB 792 (Mullin) exempts, from a utility users tax, the consumption of electricity generated through renewable distributed generation for use by a single consumer. Status: Signed; Chapter 534, Statutes of 2013.

AB 850 (Nazarian) allows joint powers authorities to finance projects for public retail water utilities using asset-backed securities called "rate reduction bonds." Status: Signed; Chapter 636, Statutes of 2013.

AB 1080 (Alejo) allows local governments to form Community Revitalization and Investment Authorities to administer economic development and affordable housing programs. Status: Senate Appropriations Committee.

Local Powers & Governance

SB 159 (Fuller) allows the Kern River Valley Cemetery District to inter nonresidents under specified conditions. Status: Signed; Chapter 55, Statutes of 2013.

SB 311 (Padilla) requires cities to submit city charter proposals to voters at an established statewide general election. Status: Signed; Chapter 184, Statutes of 2013.

SB 328 (Knight) allows counties to use construction manager at-risk contracts for projects worth more than \$1,000,000. Status: Signed; Chapter 517, Statutes of 2013.

SB 407 (Hill) extends limitations on local agencies' employment contracts to additional employees. Status: Signed; Chapter 213, Statutes of 2013.

SB 614 (Wolk) removes landownership requirement to serve on irrigation districts' elected boards. Status: Assembly Local Government Committee.

SB 725 (Anderson) clarifies the conditions under which the dedicated use of facilities by veterans organizations can be revoked by cities and counties. Status: Signed; Chapter 697, Statutes of 2013.

SB 751 (Yee) requires local agencies to publicly report any action taken and the vote or abstention of each member of a legislative body. Status: Signed; Chapter 257, Statutes of 2013.

SB 772 (Emmerson) exempts the Elsinore Valley Municipal Water District and the Eastern Municipal Water District from liability for injuries or damages arising out of the delivery of water to County Water Company of Riverside customers. Status: Senate Governance & Finance Committee.

SB 777 (Calderon) makes numerous amendments to state laws governing fireworks sales and disposal. Status: Assembly Government Organization Committee.

SB 785 (Wolk) repeals state laws authorizing state and local government agencies to use design-build contracting and enacts new, uniform statutes governing agencies' design-build contracts. Status: Senate Floor.

SCA 3 (Leno) requires local agencies to comply with the California Public Records Act and the Brown Act and exempts legislation under these acts as reimbursable mandates. Status: Chaptered by Secretary of State; Res. Chapter 123, Statutes of 2013.

AB 72 (Holden) specifies the date on which municipal water district board members take office after an election. Status: Signed; Chapter 8, Statutes of 2013.

AB 121 (Dickinson) authorizes Sacramento County Board of Supervisors, by 4/5-vote, to sell, or enter into a lease, concession, or managerial contract for county property, and authorizes the Merced County Board of Supervisors, by 4/5-vote of the board, to sell county property. Status: Signed; Chapter 224, Statutes of 2013.

AB 130 (Alejo) prohibits a local health care district's employment contract with a hospital administrator from providing retirement benefits to the administrator before he or she retires. Status: Signed; Chapter 92, Statutes of 2013.

AB 195 (Hall) extends, from July 1, 2014 to July 1, 2016, the date on which the statutes authorizing counties to use the design-build contracting method expire. Status: Signed; Chapter 121, Statutes of 2013.

AB 240 (Rendon) requires mutual water companies to comply with open meeting, public record, audit, and budget requirements and allows them to impose liens to collect unpaid charges. Status: Signed (with reduced appropriation); Chapter 633, Statutes of 2013.

AB 246 (Bradford) authorizes local legislative bodies to meet in closed session with the Governor and his deputies on security matters. Status: Signed; Chapter 11, Statutes of 2013.

AB 254 (Dahle) authorizes the Modoc County Board of Supervisors to appoint a registrar of voters separate from the county clerk. Status: Signed; Chapter 12, Statutes of 2013.

AB 279 (Dickinson) expands local governments' authority to invest surplus funds through a private sector deposit placement service. Status: Signed; Chapter 228, Statutes of 2013.

AB 382 (Mullin) conforms the Brown Act with the Public Records Act with regard to the confidentiality of proprietary investment information. Status: Signed; Chapter 326, Statutes of 2013.

AB 408 (Bonta) allows seven-member municipal utility district boards to appoint board members to uncontested seats. Status: Signed; Chapter 108, Statutes of 2013.

AB 546 (Stone) authorizes the Santa Cruz County Board of Supervisors to consolidate the duties of the Auditor-Controller and Treasurer-Tax Collector. Status: Signed; Chapter 14, Statutes of 2013.

AB 583 (Gomez) requires a city or library district that withdraws from a county library system to comply with specified conditions before operating a library with a private contractor. Status: Signed; Chapter 196, Statutes of 2013.

AB 678 (Gordon) requires specified health care districts to conduct periodic needs assessments and report progress in meeting health needs. Status: Senate Appropriations Committee.

AB 683 (Mullin) allows cities, counties, and special districts to assess property for unpaid fines or penalties related to ordinance violations that threaten public health and safety. Status: Vetoed.

AB 822 (Hall) requires independent actuarial analysis of ballot measures which affect local agency retirement plans. Status: Vetoed.

AB 934 (Cooley) requires local agencies to document a reasonable effort to locate victims owed restitution. Status: Signed; Chapter 457, Statutes of 2013.

AB 1235 (Gordon) requires specified local agencies to provide financial management training to members of their legislative bodies. Status: Vetoed.

AB 1330 (J. Pérez) directs the state to update the Environmental Justice Action Plan and post information online; amends the Brown Act to ensure access to public meetings by limited-English-speakers. Status: Senate Floor Inactive File.

AB 1333 (R. Hernández) requires a local legislative body to adopt a resolution to either exercise, or decline to exercise, an option to rescind an “evergreen” contract or memorandum of understanding. Status: Senate Governance & Finance Committee.

Vote Thresholds for Local Taxes and Bonds

SCA 4 (Liu) lowers the vote threshold to levy, increase, or extend special taxes for transportation from 2/3 to 55%. Status: Senate Appropriations Committee.

SCA 7 (Wolk) lowers the vote threshold for cities, counties, or library districts to issue bonds or to levy special taxes from 2/3 to 55%. Status: Senate Appropriations Committee.

SCA 8 (Corbett) lowers the vote threshold to levy, increase, or extend special taxes for transportation from 2/3 to 55%. Status: Senate Appropriations Committee.

SCA 9 (Corbett) lowers the vote threshold to levy, increase, or extend special taxes for community and economic development projects from 2/3 to 55%. Status: Senate Appropriations Committee.

SCA 11 (Hancock) lowers the vote threshold for a local agency to levy, increase, or extend any special tax from 2/3 to 55%. Status: Senate Appropriations Committee.

Redevelopment

SB 409 (Emmerson) defines specified loans to former redevelopment agencies’ disaster recovery project areas as enforceable obligations. Status: Senate Appropriations Committee.

SB 470 (Wright) allows cities and counties to use some of the Community Redevelopment Law’s financing, property sale, and brownfield cleanup powers to promote economic development. Status: Signed; Chapter 659, Statutes of 2013.

AB 564 (Mullin) prohibits the Department of Finance from altering or reversing specified enforceable obligations after they are approved by an oversight board and the Department of Finance. Status: Vetoed.

AB 662 (Atkins) modifies the statutes governing redevelopment agencies’ dissolution. Status: Vetoed.

Sales & Use Taxes

SB 412 (Knight) enacts a sales and use tax exemption for equipment used to manufacture aerospace products. Status: Senate Appropriations Committee.

SB 688 (Galgiani) exempts certain animal related drugs from the sales and use tax. Status: Senate Appropriations Committee.

AB 210 (Wieckowski) extends the transactions and use tax allowance for Alameda County for transportation programs and allows Contra Costa County to adopt a similar ordinance. Status: Signed; Chapter 194, Statutes of 2013.

AB 1021 (Eggman) adds “recycled feedstock” to the list of eligible criteria for the sales and use tax exemption under CAEATFA. Status: Senate Appropriations Committee.

AB 1422 (Assembly Jobs, Economic Development, and the Economy) makes several changes to the CAEATFA program within the Treasurer’s Office. Status: Signed; Chapter 540, Statutes of 2013.

Bonds

AB 182 (Buchanan) sets a maximum debt-to-principal ratio and other limits on bonds issued by school and community college districts. Status: Signed; Chapter 477, Statutes of 2013.

State Personal & Corporate Income Taxes

SB 30 (Calderon) conforms state law to federal treatment for the cancellation of mortgage indebtedness. Status: Assembly Appropriations Committee.

SB 209 (Lieu) reenacts an income exclusion for gains when selling qualified small business stock recently struck down by courts. Status: Signed; Chapter 543, Statutes of 2013.

SB 241 (Evans) imposes a 9.5% tax on oil and a to be determined percentage tax on natural gas for the privilege of extracting oil and natural gas in this state. Status: Senate Appropriations Committee.

SB 284 (de Léon) establishes a tax credit equal to 60%, 55%, and 50% of contributions to a special education fund for the purposes of providing Cal Grants. Status: Vetoed.

SB 323 (Lara) revokes charitable tax exemptions for youth organizations that discriminate. Status: Assembly Floor Inactive File.

SB 391 (DeSaulnier) enacts the California Homes and Jobs Act and applies a \$75 fee on recorded real estate documents to fund affordable housing. Status: Assembly Appropriations Committee.

SB 782 (DeSaulnier) enacts the Sexual Assault Victims Equity Act and imposes a tax on sexually oriented businesses. Status: Senate Appropriations Committee.

SB 809 (DeSaulnier) imposes an annual tax on Schedule II, III, and IV controlled substance manufacturers, increases licensure fees on practitioners and providers, and allows grant and gift moneys for the purposes of upgrading, maintain and enforcing the CURES program. Status: Signed; Chapter 400, Statutes of 2013.

AB 32 (J. Pérez) extends and expands the Community Development Financial Institution credit. Status: Signed; Chapter 608, Statutes of 2013.

AB 362 (Ting) provides income tax exclusion for compensation received for employer provided health insurance for same sex marriages. Status: Signed; Chapter 439, Statutes of 2013.

AB 1412 (Assembly Revenue and Taxation) reenacts an income exclusion for gains when selling qualified small business stock recently struck down by courts. Status: Signed; Chapter 546, Statutes of 2013.

Other

AB 300 (Perea) changes the point of collection for prepaid mobile services taxes and fees to point of sale and clarifies the imposition of tax is directly on the consumer, not the carrier. Status: Vetoed.

To read and retrieve copies of the Senate Governance & Finance Committee's detailed reference materials and other publications -- including citizen's guides to special districts and LAFCOs -- please go to the Committee's website: <http://sgf.senate.ca.gov>

**CALAFCO Legislative Proposal
Request Form**

Attachment 3

C A L A F C O
LEGISLATIVE PROPOSAL REQUEST

CALAFCO will consider any proposals for improving or clarifying the Cortese-Knox-Hertzberg Act or related laws when it can be shown to provide benefit or assistance to the Mission and policy principles of CALAFCO. Requesting agencies are expected to provide sufficient explanation for proposals in order for the CALAFCO Legislative Committee to consider the proposal. Please complete the following questions.

PROPOSAL SUMMARY:

What Code Section (s) and specific language are proposed for change?
Provide in redline/strikeout format where possible.

1. **PROBLEM. The problem(s) that the proposal would address are:**
Provide a detailed explanation of the problem(s) identified that would be solved with this proposal.
2. **SOLUTION. The proposal would address the problem in the following manner:**
Describe *how* the problem would be resolved through this proposal. Include previous proposals or solutions that did not work and why they were not successful as a way to strengthen this position.
3. **ORGANIZATIONAL SUPPORT.**
Besides CALAFCO, which LAFCos support the proposal? What other stakeholders may support the proposal?
4. **ARGUMENTS IN SUPPORT.**
What are the specific arguments in support of the proposal? Be as specific as possible, including data to support the argument.
5. **ORGANIZATIONAL OPPOSITION.**
What organizations, if any (LAFCos or other stakeholders) have expressed or may express opposition to the proposal?
6. **ARGUMENTS IN OPPOSITION.**
What are the specific arguments in opposition of the proposal? Be as specific as possible, including data to support the argument.
7. **CONTACT.**
For information please contact:
_____ Date _____

Pamela Miller
Executive Director
CALAFCO
1215 K Street, Suite 1650
Sacramento, CA 95814-3945
pmiller@calafco.org

EO submitting the proposal
List attachments

**Excerpt from California Debt and
Investment Advisory Commission
Publication “Debt Line” Listing State
Legislation Affecting Finance**

Attachment 4

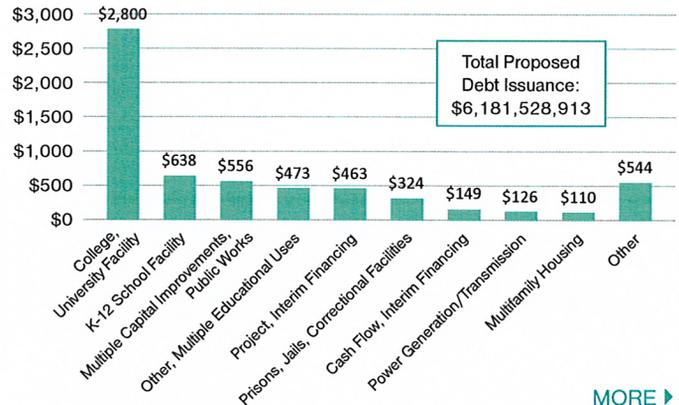
California Public Debt Issuance Monthly Data

CUMULATIVE CALIFORNIA PUBLIC DEBT ISSUANCE (IN BILLIONS)



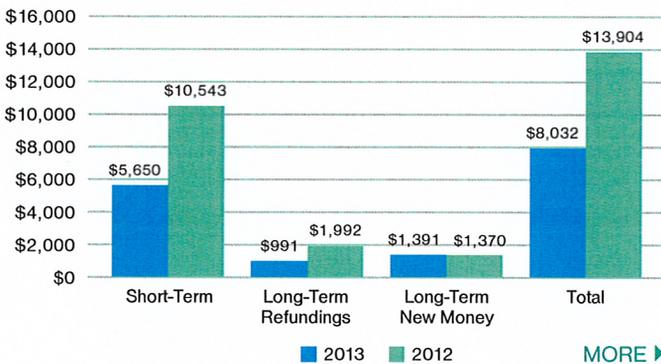
[MORE ▶](#)

REPORTS OF PROPOSED DEBT ISSUANCE RECEIVED 8-16-2013 THROUGH 9-15-2013, BY PURPOSE (IN MILLIONS)



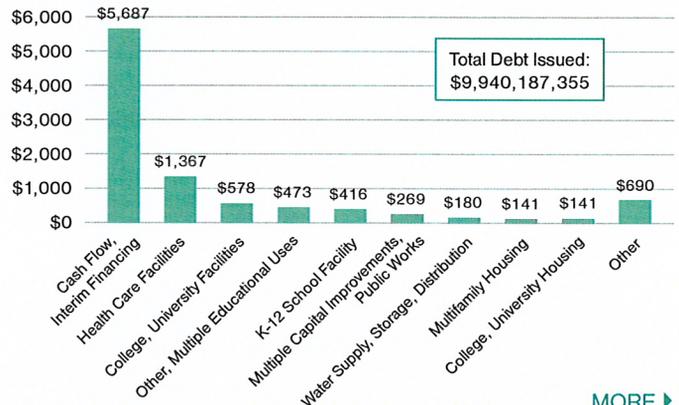
[MORE ▶](#)

CALIFORNIA PUBLIC DEBT ISSUANCE, AUGUST (IN MILLIONS)



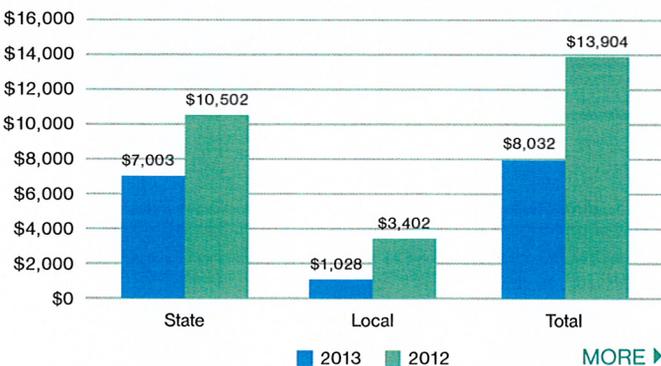
[MORE ▶](#)

TOTAL REPORTS OF FINAL SALE RECEIVED 8-16-2013 THROUGH 9-15-2013, BY PURPOSE (IN MILLIONS)



[MORE ▶](#)

STATE* VERSUS LOCAL DEBT ISSUANCE, AUGUST (IN MILLIONS)



[MORE ▶](#)

* State issuers include the State of California, its agencies, commissions, authorities, departments and The Student Loan Corporation.

More detailed debt issuance information is available in the monthly [Debt Line Calendar](#).



INSIDE THIS ISSUE

Dodd-Frank Reform Act Calendar of Events	2
Data Corner	3
Legislation Affecting State and Local Governments	5
Save the Date	11

State Legislation Affecting State and Local Governments

LEG TYPE	BILL NO.*	AUTHOR	TITLE	INTRODUCED	LAST AMENDED	LAST ACTION	LAST COMMITTEE	STATUS
GO Debt	AB 41	Buchanan	School Facilities	12/7/2012	4/1/2013	4/2/2013	Assembly Education	Inactive - 2 Year Bill
Public Finance	AB 122	Rendon	Energy: Energy Assessment: Nonresidential Buildings: Financing	1/14/2013	4/23/2013	9/6/2013	Assembly Appropriations	Inactive - 2 Year Bill
GO Debt	AB 142	Committee on Water, Parks and Wildlife	Water Resources: Infrastructure	1/17/2013	5/6/2013	5/7/2013	Assembly Appropriations	Inactive - 2 Year Bill
Public Finance	AB 164	Wieckowski	Infrastructure Financing	1/23/2013	6/5/2013	8/13/2013	Senate Governance and Finance	Chaptered
Other Debt	AB 182	Buchanan	Bonds: School Districts and Community College Districts	1/24/2013	8/29/2013	8/29/2013	Senate Governance and Finance	Chaptered
Parcel Tax	AB 188	Ammiano	Property Taxation: Change in Ownership	1/2/2013	-	5/13/2013	Assembly Revenue and Taxation	Held Under Submission
Other Debt	AB 229	Pérez	Local Government: Infrastructure and Revitalization Financing Districts	2/4/2013	8/12/2013	9/11/2013	Senate Appropriations	Inactive - 2 Year Bill
Other Debt	AB 243	Dickinson	Local Government: Infrastructure and Revitalization Financing Districts	2/6/2013	8/19/2013	9/11/2013	Senate Appropriations	Inactive - 2 Year Bill
Investments	AB 279	Dickinson	Financial Affairs	2/11/2013	6/26/2013	9/6/2013	Senate Banking and Financial Institutions	Chaptered
Parcel Tax	AB 294	Holden	Local-State Joint Investment Partnership Pilot Program	2/11/2013	5/6/2013	5/24/2013	Assembly Appropriations	Inactive - 2 Year Bill
GO Bonds	AB 295	Committee on Water, Parks and Wildlife	Water: Water Supply: Infrastructure	2/11/2013	5/6/2013	5/7/2013	Assembly Appropriations	Inactive - 2 Year Bill
Other	AB 564	Mullin	Community Redevelopment: Successor Agencies	2/20/2013	9/6/2013	9/11/2013	Senate Appropriations	Enrolled
Other	AB 569	Chau	Redevelopment: Reports	2/20/2013	3/18/2013	3/19/2013	Assembly Housing and Community Development	Inactive - 2 Year Bill
Other	AB 621	Wagner	Local Government: Bonds	2/20/2013	6/4/2013	7/12/2013	Senate Governance and Finance	Inactive - 2 Year Bill
GO Bonds	AB 639	Pérez	Veterans Housing and Homeless Prevention Act of 2014	2/20/2013	9/9/2013	9/11/2013	Senate Appropriations	Enrolled
Public Finance	AB 662	Atkins	Local Government: Infrastructure Financing Districts	2/21/2013	9/6/2013	9/9/2013	Assembly Local Government	Enrolled

State Legislation Affecting State and Local Governments

LEG TYPE	BILL NO.*	AUTHOR	TITLE	INTRODUCED	LAST AMENDED	LAST ACTION	LAST COMMITTEE	STATUS
Public Finance	AB 690	Campos	Jobs and Infrastructure Financing Districts: Voter Approval	2/21/2013	9/11/2013	9/11/2013	Assembly Local Government	Inactive - 2 Year Bill
Parcel Tax	AB 741	Brown	Local Government Finance: Tax Equity Allocation Formula: Qualifying Cities	2/21/2013	-	3/11/2013	Assembly Local Government	Active - In Committee
Parcel Tax	AB 846	Achadjian	Energy: Property Assessed Clean Energy	2/21/2013	3/14/2013	3/18/2013	Assembly Natural Resources	Inactive - 2 Year Bill
Other Debt	AB 850	Nazarian	Public Capital Facilities: Water Quality	2/21/2013	8/12/2013	9/6/2013	Senate Appropriations	Enrolled
Other	AB 941	Rendon	Controller: Reports	2/22/2013	4/23/2013	5/24/2013	Assembly Appropriations	Inactive - 2 Year Bill
Other	AB 981	Bloom	Redevelopment Dissolution	2/22/2013	-	5/24/2013	Assembly Appropriations	Inactive - 2 Year Bill
Other Debt	AB 1052	Quirk	Community Facilities: District Formation	2/22/2013	-	3/7/2013	Assembly Local Government	Inactive - 2 Year Bill
Other Debt	AB 1070	Frazier	California Transportation Financing Authority	2/22/2013	4/3/2013	8/28/2013	Senate Appropriations	Chaptered
Other	AB 1080	Alejo	Community Revitalization and Investment Authorities	2/22/2013	8/20/2013	8/26/2013	Senate Appropriations	Inactive - 2 Year Bill
GO Debt	AB 1188	Bradford	Fire Protection: General Obligation Bonds	2/22/2013	-	6/5/2013	Senate Governance and Finance	Inactive - 2 Year Bill
Investments	AB 1206	Morrell	State Agency Funds: Security for Deposits	2/22/2013	4/22/2013	5/6/2013	Assembly Banking and Finance	Inactive - 2 Year Bill
Other	AB 1235	Gordon	Local Agencies: Financial Management Training	2/22/2013	9/6/2013	9/11/2013	Senate Appropriations	Enrolled
Other	AB 1248	Cooley	Controller: Internal Control Guidelines Applicable to Local Agencies	2/22/2013	5/24/2013	8/28/2013	Senate Appropriations	Chaptered
Parcel Tax	AB 1320	Bloom	Redevelopment: Allocation of Property Tax: Passthrough Payments	2/22/2013	4/10/2013	5/3/2013	Assembly Local Government	Inactive - 2 Year Bill
GO Bonds	AB 1331	Committee on Water, Parks and Wildlife	Water Resources: Assessments of Public Funding	2/22/2013	9/11/2013	9/11/2013	Senate Natural Resources and Water and Senate Environmental Quality	Active - In Committee
GO Debt	ACA 3	Campos	Local Government Financing: Public Safety Services: Voter Approval	1/22/2013	-	4/4/2013	Assembly Local Government and Appropriations	Active - In Committee

State Legislation Affecting State and Local Governments

LEG TYPE	BILL NO.*	AUTHOR	TITLE	INTRODUCED	LAST AMENDED	LAST ACTION	LAST COMMITTEE	STATUS
GO Debt	ACA 8	Blumenfield	Local Government Financing: Voter Approval	2/13/2013	4/4/2013	7/10/2013	Senate Governance and Finance and Senate Elections and Constitutional Amendments	Active - In Committee
Other	SB 1	Steinberg	Sustainable Communities Investment Authority	12/3/2012	9/3/2013	9/9/2013	Assembly Appropriations	Inactive - 2 Year Bill
Other Debt	SB 33	Wolk	Infrastructure Financing Districts: Voter Approval: Repeal	12/3/2012	8/26/2013	9/11/2013	Assembly Appropriations	Inactive - 2 Year Bill
GO Debt	SB 40	Pavley	Safe, Clean, and Reliable Drinking Water Supply Act of 2012	12/10/2012	1/17/2013	1/31/2013	Senate Natural Resources and Water	Active - In Committee
GO Debt	SB 42	Wolk	The California Clean, Secure Water Supply and Delta Recovery Act of 2014	12/11/2012	9/11/2013	9/11/2013	Senate Rules	Active - In Committee
GO Debt	SB 45	Corbett	The Leroy F. Greene School Facilities Act of 1998	12/13/2012	-	1/10/2013	Senate Rules	Inactive - 2 Year Bill
Other Debt	SB 142	DeSaulnier	Public Transit	1/30/2013	8/22/2013	9/11/2013	Assembly Local Government	Enrolled
Other	SB 181	Committee on Governance and Finance	Validations	2/6/2013	5/28/2013	7/3/2013	Assembly Local Government	Chaptered
Other	SB 182	Committee on Governance and Finance	Validations	2/6/2013	5/28/2013	9/6/2013	Senate Rules	Chaptered
Other	SB 183	Committee on Governance and Finance	Validations	2/7/2013	5/28/2013	9/6/2013	Senate Rules	Chaptered
GO Bonds	SB 301	Liu	Education Facilities: Kindergarten-University Public Education Facilities Bond Act of 2014	2/15/2013	-	2/28/2013	Senate Rules	Inactive - 2 Year Bill
Other	SB 409	Emmerson	Disaster Recovery Project Areas: Enforceable Obligations	2/20/2013	4/9/2013	5/23/2013	Senate Appropriations	Inactive - 2 Year Bill
GO Bonds	SB 575	Yee	Foster Care Trust Funds: General Obligation Bonds	2/22/2013	5/9/2013	3/11/2013	Senate Rules	Inactive - 2 Year Bill
Other Debt	SB 594	Steinberg	California Career Pathways Investment	2/22/2013	9/4/2013	9/11/2013	Assembly Education and Assembly Revenue and Taxation	Enrolled
Public Finance	SB 628	Beall	Infrastructure Financing: Transit Priority Projects	2/22/2013	8/5/2013	8/15/2013	Assembly Housing and Community Development	Enrolled

State Legislation Affecting State and Local Governments

LEG TYPE	BILL NO.*	AUTHOR	TITLE	INTRODUCED	LAST AMENDED	LAST ACTION	LAST COMMITTEE	STATUS
Other Debt	SB 685	Anderson	School Bonds: Capital Appreciation Bonds	2/22/2013	-	3/11/2013	Senate Rules	Inactive - 2 Year Bill
Other	SB 692	Hancock	Local Government: Community Facilities Districts	2/22/2013	4/23/2013	9/6/2013	Assembly Local Government	Chaptered
Other Debt	SB 798	De León	California Green Infrastructure Bank Act	2/22/2013	-	3/11/2013	Senate Governance and Finance	Inactive - 2 Year Bill
Parcel Tax AMENDED	SCA 3	Leno	Taxation: Educational Entities: Parcel Tax AMENDED TO: Public Information	12/3/2012	6/20/2013	9/11/2013	Senate Budget	Enrolled
Parcel Tax	SCA 4	Liu	Local Government Transportation Projects: Special Taxes: Voter Approval	12/3/2012	8/28/2013	8/29/2013	Senate Appropriations	Active - In Committee
GO Debt	SCA 7	Wolk	Local Government Financing: Public Libraries: Voter Approval	12/3/2012	2/26/2013	6/27/2013	Senate Appropriations	Active - In Committee
Parcel Tax	SCA 8	Corbett	Transportation Projects: Special Taxes: Voter Approval	12/14/2012	5/21/2013	8/29/2013	Senate Appropriations	Active - In Committee
Parcel Tax	SCA 9	Corbett	Local Government: Economic Development: Special Taxes: Voter Approval	12/18/2012	5/21/2013	6/27/2013	Senate Appropriations	Active - In Committee
Parcel Tax	SCA 11	Hancock	Local Government: Special Taxes: Voter Approval	1/25/2013	5/21/2013	6/27/2013	Senate Appropriations	Active - In Committee

* Click through to link to the California Legislation Information website. Once connected, refresh screen (F5) to view the latest amendments, votes, and status.

**Senate Bill 33 (Wolk) Infrastructure
Financing Districts**

Attachment 5



California
LEGISLATIVE INFORMATION

SB-33 Infrastructure financing districts: voter approval: repeal. (2013-2014)

AMENDED IN ASSEMBLY AUGUST 26, 2013

AMENDED IN SENATE MARCH 06, 2013

CALIFORNIA LEGISLATURE— 2013–2014 REGULAR SESSION

SENATE BILL

No. 33

Introduced by Senator Wolk

(~~Coauthor~~ Coauthors: Assembly Member Members Frazier and V. Manuel Pérez)

December 03, 2012

An act to amend Sections 53395, 53395.1, 53395.2, 53395.3, 53395.4, 53395.5, 53395.6, 53395.7, 53395.10, 53395.11, 53395.12, 53395.13, 53395.14, 53395.16, 53395.17, 53395.19, 53395.20, 53396, 53397.1, and 53397.2 of, to repeal Sections 53395.22, 53395.23, 53395.24, 53395.25, 53397.5, 53397.6, and 53397.7 of, and to repeal and add Section 53395.21 of, the Government Code, relating to infrastructure financing districts.

LEGISLATIVE COUNSEL'S DIGEST

SB 33, as amended, Wolk. Infrastructure financing districts: voter approval: repeal.

(1) Existing law authorizes a legislative body, as defined, to create an infrastructure financing district, adopt an infrastructure financing plan, and issue bonds, for which only the district is liable, to finance specified public facilities, upon voter approval. Existing law authorizes an infrastructure financing district to fund infrastructure projects through tax increment financing, pursuant to the infrastructure financing plan and agreement of affected taxing entities, as defined.

This bill would revise and recast the provisions governing infrastructure financing districts. The bill would eliminate the requirement of voter approval for creation of the district and for bond issuance, and would authorize the legislative body to create the district subject to specified procedures. The bill would instead authorize a newly created public financing authority, consisting of 5 members, 3 of whom are members of the city council or board of supervisors that established the district, and 2 of whom are members of the public, to adopt the infrastructure financing plan, subject to approval by the legislative body, and issue bonds by majority vote of the authority by resolution. The bill would authorize a public financing authority to enter into joint powers agreements with affected taxing entities with regard to nontaxing authority or powers only. The bill would authorize a district to finance specified actions and projects, and prohibit the district from providing financial assistance to a vehicle dealer or big box retailer, as defined. *The bill would prohibit a district from financing any project or portion of a project within the boundaries of a former redevelopment agency until the successor agency to the former redevelopment agency has received a finding of completion.* The bill would create a public accountability committee, as specified, to review the actions of the public financing authority.

(2) Existing law requires that an infrastructure financing plan created by a legislative body include a date on which the district will cease to exist, which shall not be more than 30 years from the date on which the ordinance forming the district is adopted.

This bill instead would specify that the date on which the district would cease to exist would not be more than 40 years from the date on which the public financing authority adopted the resolution adopting the infrastructure financing plan. The bill would also impose additional reporting requirements after the adoption of an infrastructure financing plan.

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

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

SECTION 1. Section 53395 of the Government Code is amended to read:

53395. (a) The Legislature finds and declares that the state and federal governments have withdrawn in whole or in part from their former role in financing infrastructure, including highways and interchanges, sewage treatment and water reclamation works, water supply and treatment works, flood control and drainage works, schools, libraries, parks, parking facilities, open space, and seismic retrofit and rehabilitation of public facilities.

(b) The Legislature further finds and declares that the methods available to local agencies to finance public works often place an undue and unfair burden on buyers of new homes, especially for public works that benefit the broader community.

(c) The Legislature further finds and declares that the absence of practical and equitable methods for financing public works leads to a declining standard of public works, a reduced quality of life and decreased safety for affected citizens, increased objection to otherwise desirable development, and excessive costs for homebuyers.

(d) The Legislature further finds and declares that because California's disadvantaged communities, as defined in Section 75005 of the Public Resources Code, may not be beneficiaries of quality public works, these communities are neglected and, thus, isolated from and deprived of the basic facilities needed for public health and safety.

(e) The Legislature further finds and declares that it is equitable and in the public interest to provide alternative procedures for financing public works and services needed to meet the needs of new housing, disadvantaged communities, and other development projects.

(f) The Legislature further finds and declares that it is in the public interest to develop a mechanism that allows public agencies to jointly dedicate their revenues to projects that support sustainable communities.

(g) The Legislature further finds and declares that infrastructure financing districts implement and fulfill the intent of Article 2 (commencing with Section 53395.10) and of Article XIII B of the California Constitution, and are consistent with the conclusion of California courts that tax increment revenues are not "proceeds of taxes" for purposes of Article XIII B of the California Constitution. The allocation and payment to a district of the portion of taxes specified in this section for the purpose of paying principal of, or interest on, loans, advances, or indebtedness incurred for facilities or the cost of acquisition and construction of facilities under this section shall not be deemed the receipt by a district of proceeds of taxes levied by or on behalf of the district within the meaning or for the purposes of Article XIII B of the California Constitution, nor shall this portion of taxes be deemed receipt of proceeds of taxes by, or an appropriation subject to limitation of, any other public body within the meaning or for the purposes of Article XIII B of the California Constitution or any statutory provision enacted in the implementation of Article XIII B of the California Constitution. The allocation and payment to a district of this portion of taxes shall not be deemed the appropriation by a district of proceeds of taxes levied by or on behalf of a district within the meaning or for the purposes of Article XIII B of the California Constitution.

SEC. 2. Section 53395.1 of the Government Code is amended to read:

53395.1. Unless the context otherwise requires, the definitions contained in this article shall govern the construction of this chapter.

(a) "Affected taxing entity" means any governmental taxing agency which levied or had levied on its behalf a property tax on all or a portion of the property located in the proposed district in the fiscal year prior to the designation of the district, but not including any county office of education, school district, or community college district.

(b) "City" means a city, a county, or a city and county.

(c) "Debt" means any binding obligation to repay a sum of money, including obligations in the form of bonds, certificates of participation, long-term leases, loans from government agencies, or loans from banks, other financial institutions, private businesses, or individuals.

(d) "Designated official" means the city engineer or other appropriate official designated pursuant to Section 53395.13.

(e) (1) "District" means an infrastructure financing district.

(2) An infrastructure financing district is a "district" within the meaning of Section 1 of Article XIII A of the California Constitution.

(f) "Infrastructure financing district" means a legally constituted public and corporate governmental entity separate and distinct from the city that established it pursuant to this chapter for the sole purpose of financing public facilities. An infrastructure financing district shall be a "local agency" for purposes of Chapter 9 (commencing with Section 54950).

(g) "Landowner" or "owner of land" means any person shown as the owner of land on the last equalized assessment roll or otherwise known to be the owner of the land by the legislative body. The legislative body has no obligation to obtain other information as to the ownership of land, and its determination of ownership shall be final and conclusive for the purposes of this chapter. A public agency is not a landowner or owner of land for purposes of this chapter, unless the public agency owns all of the land to be included within the proposed district.

(h) "Legislative body" means the city council or board of supervisors.

(i) "Public capital facilities of communitywide significance" means facilities that benefit all areas within the district or serve or are made available to those areas.

(j) "Public financing authority" means the legislative body of the infrastructure financing district established pursuant to this chapter. The public financing authority shall be comprised of five people, three of whom shall be members of the city council or board of supervisors that established the district pursuant to this chapter and two of whom shall be public members. The three members of the city council or board of supervisors shall appoint the two public members in accordance with Chapter 11 (commencing with Section 54970) of Part 1 of Division 2 of Title 5.

(k) "Net available revenue" means periodic distributions to the city, county, or special district from the Redevelopment Property Tax Trust Fund, created pursuant to Section 34170.5 of the Health and Safety Code, that are available to the city, county, or special district after all preexisting legal commitments and statutory obligations funded from that revenue are made pursuant to Part 1.85 (commencing with Section 34170) of Division 24 of the Health and Safety Code. Net available revenue shall not include any funds deposited by the county auditor-controller into the Redevelopment Property Tax Trust Fund or funds remaining in the Redevelopment Property Tax Trust Fund, prior to distribution. Net available revenues shall not include any moneys payable to a school district that maintains kindergarten and grades 1 to 12, inclusive, or to the Educational Revenue Augmentation Fund, pursuant to paragraph (4) of subdivision (a) of Section 34183 of the Health and Safety Code.

SEC. 3. Section 53395.2 of the Government Code is amended to read:

53395.2. (a) The revenues available pursuant to Article 3 (commencing with Section 53396) may be used directly for work allowed pursuant to Section 53395.3, may be accumulated for a period not to exceed five years to provide a fund for that work, may be pledged to pay the principal of, and interest on, bonds issued pursuant to Article 4 (commencing with Section 53397), or may be pledged to pay the principal of, and interest on, bonds issued pursuant to the Improvement Bond Act of 1915 (Division 10 (commencing with Section 8500) of the Streets and Highways Code) or the Mello-Roos Community Facilities Act of 1982 (Chapter 2.5 (commencing with Section 53311)), the proceeds of which have been or will be used entirely for allowable purposes of the district. The revenue of the district may also be advanced for allowable purposes of the district to an integrated financing district established pursuant to Chapter 1.5 (commencing with Section 53175), in which case the district may be party to a reimbursement agreement established pursuant to that chapter. The revenues of the district may also be committed to paying for any completed public facility acquired pursuant to Section 53395.3 over a period of time, including the payment of a rate of interest not to exceed the bond buyer index rate on the day that the agreement to repay is entered into by the district.

(b) The public financing authority may enter into an agreement with any affected taxing entity providing for the construction of, or assistance in, financing activities pursuant to Section 53395.3.

SEC. 4. Section 53395.3 of the Government Code is amended to read:

53395.3. (a) A district may finance (1) the purchase, construction, expansion, improvement, seismic retrofit, or rehabilitation of any real or other tangible property with an estimated useful life of 15 years or longer that satisfies the requirements of subdivision (b), (2) may finance planning and design work that is directly related to the purchase, construction, expansion, or rehabilitation of that property, (3) the costs described in Sections 53395.5 and 53396.5, and (4) may contribute to the cost of maintaining facilities that are financed pursuant to subdivision (b). A district may only finance the purchase of facilities for which construction has been completed, as determined by the legislative body. The facilities need not be physically located within the boundaries of the district. Except as specifically provided in this section, a district shall not finance routine maintenance, repair work, or the costs of ongoing operation or providing services of any kind. A district shall not compensate the members of the legislative body of the city or the district for any activities undertaken pursuant to this chapter.

(b) The district shall finance only structural or nonstructural public capital facilities of communitywide significance, including, but not limited to, all of the following:

- (1) Highways, interchanges, ramps and bridges, arterial streets, parking facilities, and transit facilities.
- (2) Sewage treatment and water reclamation plants and interceptor pipes.
- (3) Facilities and watershed lands used for the collection and treatment of water for urban uses.
- (4) Flood control management including levees, bypasses, dams, retention basins, and drainage channels.
- (5) Child care facilities.
- (6) Libraries.
- (7) Parks, recreational facilities, open space, and habitat restoration.
- (8) Facilities for the transfer and disposal of solid waste, including transfer stations and vehicles.

(c) The district shall be a local agency within the meaning of subdivision (d) of Section 33459 of the Health and Safety Code and may finance any actions necessary to implement the Polanco Redevelopment Act (Article 12.5 (commencing with Section 33459) of Chapter 4 of Part 1 of Division 24 of the Health and Safety Code).

(d) The district may finance any project that implements a transit priority project pursuant to Section 65470, regional transportation plan, or other projects that are consistent with the general use designation, density, building intensity, and applicable policies specified for the project area in either a sustainable communities strategy or an alternative planning strategy, for which the State Air Resources Board, pursuant to Chapter 2.5 (commencing with Section 65080) of Division 2 of Title 7, has accepted a metropolitan planning organization's determination that the sustainable communities strategy or the alternative planning strategy would, if implemented, achieve the greenhouse gas emission reduction targets.

(e) Any district that constructs dwelling units shall set aside not less than 20 percent of those units to increase and improve the community's supply of low- and moderate-income housing available at an affordable housing cost, as defined by Section 50052.5 of the Health and Safety Code, to persons and families of low- and moderate-income, as defined in Section 50093 of the Health and Safety Code.

(f) Projects financed pursuant to this section that involve construction, alteration, demolition, installation, or repair work and dwelling units constructed by a district pursuant to this section, shall be subject to Chapter 1 (commencing with Section 1720) of Part 7 of Division 2 of the Labor Code.

SEC. 5. Section 53395.4 of the Government Code is amended to read:

53395.4. (a) A district shall not provide any form of financial assistance to a vehicle dealer or a big box retailer, or a business entity that sells or leases land to a vehicle dealer or big box retailer, that is relocating from the territorial jurisdiction of one local agency to the territorial jurisdiction of another local agency, but within the same market area, as those terms are used in Section 53084.

(b) A district may finance only the facilities authorized in this chapter to the extent that the facilities are in addition to those provided in the territory of the district before the district was created. The additional facilities

may not supplant facilities already available within that territory when the district was created but may supplement, rehabilitate, upgrade, or make more sustainable those facilities.

(c) A district may include areas that are not contiguous.

(d) If the boundaries of a district overlap with the boundaries of a former redevelopment agency, a participating city, county, or special district may allocate its share of net available revenue, as defined by subdivision (k) of Section 53395.1 of the Government Code, from within the boundaries of the former redevelopment agency to the district.

(e) A district shall not finance any project or portion of a project within the boundaries of a former redevelopment agency until the successor agency to the former redevelopment agency has received a finding of completion, as defined by Section 34179.7 of the Health and Safety Code, and has no pending litigation against the state related to Part 1.8 (commencing with Section 34161) or Part 1.85 (commencing with Section 34170) of the Health and Safety Code.

SEC. 6. Section 53395.5 of the Government Code is amended to read:

53395.5. It is the intent of the Legislature that the establishment of a district should not ordinarily lead to the removal of existing dwelling units. If, however, any dwelling units are proposed to be removed or destroyed in the course of private development or public works construction within the area of the district, the legislative body shall do all of the following:

(a) Within four years of the removal or destruction, cause or require the construction or rehabilitation, for rental or sale to persons or families of low or moderate income, of an equal number of replacement dwelling units at affordable housing cost, as defined in Section 50052.5 of the Health and Safety Code, within the territory of the district if the dwelling units removed were inhabited by persons or families of low or moderate income, as defined in Section 50093 of the Health and Safety Code.

(b) Within four years of the removal or destruction, cause or require the construction or rehabilitation, for rental or sale to persons of low or moderate income, a number of dwelling units which is at least one unit but not less than 20 percent of the total dwelling units removed at affordable housing cost, as defined in Section 50052.5 of the Health and Safety Code, within the territory of the district if the dwelling units removed or destroyed were not inhabited by persons of low or moderate income, as defined in Section 50093 of the Health and Safety Code.

(c) Provide relocation assistance and make all the payments required by Chapter 16 (commencing with Section 7260) of Division 7 of Title 1, to persons displaced by any public or private development occurring within the territory of the district. This displacement shall be deemed to be the result of public action.

(d) Ensure that removal or destruction of any dwelling units occupied by persons or families of low or moderate income not take place unless and until there are suitable housing units, at comparable cost to the units from which the persons or families were displaced, available and ready for occupancy by the residents of the units at the time of their displacement. The housing units shall be suitable to the needs of these displaced persons or families and shall be decent, safe, sanitary, and otherwise standard dwellings.

SEC. 7. Section 53395.6 of the Government Code is amended to read:

53395.6. Any action or proceeding to attack, review, set aside, void, or annul the creation of a district or adoption of an infrastructure financing plan, including a division of taxes thereunder, shall be commenced within 30 days after the date the legislative body adopted the resolution adopting the infrastructure financing plan pursuant to Section 53395.20. Consistent with the time limitations of this section, such an action or proceeding with respect to a division of taxes under this chapter may be brought pursuant to Chapter 9 (commencing with Section 860) of Title 10 of Part 2 of the Code of Civil Procedure, except that Section 869 of the Code of Civil Procedure shall not apply.

SEC. 8. Section 53395.7 of the Government Code is amended to read:

53395.7. An action to determine the validity of the issuance of bonds pursuant to this chapter may be brought pursuant to Chapter 9 (commencing with Section 860) of Title 10 of Part 2 of the Code of Civil Procedure. However, notwithstanding the time limits specified in Section 860 of the Code of Civil Procedure, the action shall be commenced within 30 days after the date the legislative body adopted the resolution adopting the infrastructure financing plan authorizing the issuance of the bonds pursuant to Section 53397.1, if the action is

brought by an interested person pursuant to Section 863 of the Code of Civil Procedure. Any appeal from a judgment in that action or proceeding shall be commenced within 30 days after entry of judgment.

SEC. 9. Section 53395.10 of the Government Code is amended to read:

53395.10. A legislative body of a city may designate one or more proposed infrastructure financing districts pursuant to this chapter. Proceedings for the establishment of a district shall be instituted by the adoption of a resolution of intention to establish the proposed district and shall do all of the following:

(a) State that an infrastructure financing district is proposed to be established under the terms of this chapter and describe the boundaries of the proposed district, which may be accomplished by reference to a map on file in the office of the clerk of the city.

(b) State the type of public facilities and development proposed to be financed or assisted by the district in accordance with Section 53395.3.

(c) State the need for the district and the goals the district proposes to achieve.

(d) State that incremental property tax revenue from the city and some or all affected taxing entities within the district, if approved by resolution pursuant to Section 53395.19, may be used to implement the plan adopted pursuant to Section 53395.14.

(e) Fix a time and place for a public hearing on the proposal.

SEC. 10. Section 53395.11 of the Government Code is amended to read:

53395.11. The legislative body shall direct the clerk to mail a copy of the resolution of intention to create the district to each owner of land within the district and to each affected taxing entity.

SEC. 11. Section 53395.12 of the Government Code is amended to read:

53395.12. (a) The legislative body shall direct the clerk to post a copy of the resolution of intention to create the district in an easily identifiable and accessible location on the legislative body's Internet Web site.

(b) At the conclusion of the public hearing scheduled pursuant to subdivision (e) of Section 53395.10, the legislative body of the city may adopt a resolution establishing the infrastructure financing district and the public financing authority of the district based upon a finding that (1) the goals of the district are consistent with the general plan; and (2) the financing programs undertaken by the district are an efficient means of implementing the goals of the district.

SEC. 12. Section 53395.13 of the Government Code is amended to read:

53395.13. After adopting the resolution pursuant to Section 53395.12, the legislative body shall send a copy of the resolution to the public financing authority. Upon receipt of the resolution, the public financing authority shall designate and direct the city engineer or other appropriate official to prepare an infrastructure plan pursuant to Section 53395.14.

SEC. 13. Section 53395.14 of the Government Code is amended to read:

53395.14. The official designated pursuant to Section 53395.13 shall prepare a proposed infrastructure financing plan. The infrastructure financing plan shall be consistent with the general plan of the city within which the district is located and shall include all of the following:

(a) A map and legal description of the proposed district, which may include all or a portion of the district designated by the legislative body in its resolution of intention.

(b) A description of the public facilities, or assistance, that benefits or serves the development proposed in the area of the district including those to be provided by the private sector, those to be provided by governmental entities without assistance under this chapter, those public improvements and facilities to be financed with assistance from the proposed district, and those to be provided jointly. The description shall include the proposed location, timing, and costs of the public improvements and facilities.

(c) If funding from affected taxing entities is incorporated into the financing plan, a finding that the public facilities provide significant benefits to an area larger than the area of the district.

(d) A financing section, which shall contain all of the following information:

(1) A specification of the maximum portion of the incremental tax revenue of the city and of each affected taxing entity, if any, proposed to be committed to the district for each year during which the district will receive incremental tax revenue. The portion need not be the same for all affected taxing entities. The portion may change over time.

(2) A projection of the amount of tax revenues expected to be received by the district in each year during which the district will receive tax revenues, including an estimate of the amount of tax revenues attributable to each affected taxing entity for each year.

(3) A plan for financing the public facilities to be assisted by the district, including a detailed description of any intention to incur debt.

(4) A limit on the total number of dollars of taxes that may be allocated to the district pursuant to the plan.

(5) A date on which the district will cease to exist, by which time all tax allocation to the district will end. The date shall not be more than 40 years from the date the public financing authority adopted the resolution adopting the infrastructure financing plan pursuant to Section 53395.20.

(6) An analysis of the costs to the city of providing facilities and services to the area of the district while the area is being developed and after the area is developed. The plan shall also include an analysis of the tax, fee, charge, and other revenues expected to be received by the city as a result of expected development in the area of the district.

(7) An analysis of the projected fiscal impact of the district and the associated development upon each affected taxing entity.

(8) A plan for financing any potential costs that may be incurred by reimbursing a developer of a project that is both located entirely within the boundaries of that district and qualifies for the Transit Priority Project Program, pursuant to Section 65470, including any permit and affordable housing expenses and additional expenses related to the project or the developer of a project that implements a transit priority project.

(e) If any dwelling units occupied by persons or families of low or moderate income are proposed to be removed or destroyed in the course of private development or public works construction within the area of the district, a plan providing for replacement of those units and relocation of those persons or families consistent with the requirements of Section 53395.5.

(f) The goals the district proposes to achieve by financing public facilities.

(g) The goals the district proposes to achieve by assisting the development described in paragraph (8) of subdivision (d).

(h) If funding from affected taxing entities is included in the plan, the creation of the public accountability committee, pursuant to Section 53395.21.

SEC. 14. Section 53395.16 of the Government Code is amended to read:

53395.16. The designated official shall consult with the city and each affected taxing entity, and, at the request of any affected taxing entity, shall meet with representatives of an affected taxing entity. Any affected taxing entity may suggest revisions to the plan.

SEC. 15. Section 53395.17 of the Government Code is amended to read:

53395.17. The public financing authority shall conduct a public hearing prior to adopting the proposed infrastructure financing plan. The public hearing shall be called no sooner than 60 days after the plan has been sent to each affected taxing entity. In addition to the notice given to landowners and affected taxing entities pursuant to Sections 53395.11 and 53395.12, notice of the public hearing shall be given by publication not less than once a week for four successive weeks in a newspaper of general circulation published in the city in which the proposed district is located. The notice shall state that the district will be used to finance public works, briefly describe the public works, briefly describe the proposed financial arrangements, including the proposed commitment of incremental tax revenue, describe the boundaries of the proposed district and state the day,

hour, and place when and where any persons having any objections to the proposed infrastructure financing plan, or the regularity of any of the prior proceedings, may appear before the public financing authority and object to the adoption of the proposed plan by the public financing authority.

SEC. 16. Section 53395.19 of the Government Code is amended to read:

53395.19. (a) The public financing authority shall not enact a resolution approving a financing plan that provides for the division of taxes of any affected taxing entity pursuant to Article 3 (commencing with Section 53396), unless a resolution approving the plan has been adopted by the governing body of each affected taxing entity that is proposed to be subject to division of taxes pursuant to Article 3 (commencing with Section 53396) has been filed with the public financing authority at or prior to the time of the hearing.

(b) In the case of an affected taxing entity that is a special district that provides fire protection services and where the county board of supervisors is the governing authority or has appointed itself as the governing board of the district, the plan shall be adopted by a separate resolution approved by the district's governing authority or governing board.

(c) Nothing in this section shall be construed to prevent the public financing authority from amending its infrastructure financing plan and adopting a resolution forming the infrastructure financing district without allocation of the tax revenues of any affected taxing entity that has not approved the infrastructure financing plan by resolution of the governing body of the affected taxing entity.

(d) A public financing authority may enter into a joint powers agreement pursuant to Section 6500 with an affected taxing entity to carry out the purposes of this chapter with regard to nontaxing authority or powers only.

(e) An infrastructure financing plan that provides for the division of taxes of any affected taxing entity shall not be implemented until the date on which the public accountability committee is created pursuant to Section 53395.21.

SEC. 17. Section 53395.20 of the Government Code is amended to read:

53395.20. (a) At the conclusion of the hearing required by Section 53395.17, the public financing authority may adopt a resolution adopting the infrastructure financing plan, as modified, and approving the formation of the infrastructure financing district in a manner consistent with Sections 53395.10 and 53395.19, or it may abandon the proceedings. The public financing authority shall forward a copy of the plan to the legislative body to review and approve the financing section of the plan described in subdivision (d) of Section 53395.14. The infrastructure financing plan shall not take effect until approved by the legislative body.

(b) No later than June 30 of each year after the adoption of the infrastructure financing plan, the public financing authority shall mail an annual report to each owner of land within the district and each affected taxing entity. The public financing authority shall post this annual report in an easily identifiable and accessible location on the legislative body's Internet Web site. The annual report shall contain all of the following:

- (1) A summary of the district's expenditures.
- (2) A description of the progress made towards the district's adopted goals.
- (3) An assessment of the status regarding completion of the district's public works projects.

(c) If the district fails to provide the annual report required by subdivision (b), the district shall not spend any funds to construct public works projects until the annual report is submitted.

(d) If the district fails to produce evidence of progress made towards achieving its adopted goals for five consecutive years, the district shall not spend any funds to construct any new public works projects; provided, however, the district may complete any public works projects that it had started. Any excess property tax increment revenues that had been allocated for new public works projects shall be reallocated to the affected taxing entities.

SEC. 18. Section 53395.21 of the Government Code is repealed.

SEC. 19. Section 53395.21 is added to the Government Code, to read:

53395.21. (a) If an infrastructure financing plan contains a provision that provides for the division of taxes of any affected taxing entity, a public accountability committee shall be established pursuant to this section.

(b) A public accountability committee shall be comprised of a representative of each affected taxing entity that has agreed to the division of its taxes, a representative of the public financing authority, and one or more public members.

(c) The legislative body of each affected taxing entity and the legislative body of the public financing authority shall each appoint one of its members, or their designee, to the public accountability committee. Those persons appointed pursuant to this subdivision shall, by lot, appoint one or more public members to ensure that the public accountability committee consists of an odd number of members for voting purposes.

(d) The purposes of the public accountability committee shall be to conduct or have conducted an annual performance review and an annual independent financial review of the public financing authority. The costs of the audits required pursuant to this subdivision shall be paid from revenues of the public financing authority.

SEC. 20. Section 53395.22 of the Government Code is repealed.

SEC. 21. Section 53395.23 of the Government Code is repealed.

SEC. 22. Section 53395.24 of the Government Code is repealed.

SEC. 23. Section 53395.25 of the Government Code is repealed.

SEC. 24. Section 53396 of the Government Code is amended to read:

53396. Any infrastructure financing plan may contain a provision that taxes, if any, levied upon taxable property in the area included within the infrastructure financing district each year by or for the benefit of the State of California, or any affected taxing entity after the effective date of the resolution adopted pursuant to Section 53395.20 to create the district, shall be divided as follows:

(a) That portion of the taxes that would be produced by the rate upon which the tax is levied each year by or for each of the affected taxing entities upon the total sum of the assessed value of the taxable property in the district as shown upon the assessment roll used in connection with the taxation of the property by the affected taxing entity, last equalized prior to the effective date of the resolution adopted pursuant to Section 53395.20 to create the district, shall be allocated to, and when collected shall be paid to, the respective affected taxing entities as taxes by or for the affected taxing entities on all other property are paid.

(b) That portion of the levied taxes each year specified in the adopted infrastructure financing plan for the city and each affected taxing entity that has agreed to participate pursuant to Section 53395.19 in excess of the amount specified in subdivision (a) shall be allocated to, and when collected shall be paid into a special fund of, the district for all lawful purposes of the district. Unless and until the total assessed valuation of the taxable property in a district exceeds the total assessed value of the taxable property in the district as shown by the last equalized assessment roll referred to in subdivision (a), all of the taxes levied and collected upon the taxable property in the district shall be paid to the respective affected taxing entities. When the district ceases to exist pursuant to the adopted infrastructure financing plan, all moneys thereafter received from taxes upon the taxable property in the district shall be paid to the respective affected taxing entities as taxes on all other property are paid.

SEC. 25. Section 53397.1 of the Government Code is amended to read:

53397.1. The public financing authority may, by majority vote, authorize the issuance of bonds pursuant to this chapter by adopting a resolution.

SEC. 26. Section 53397.2 of the Government Code is amended to read:

53397.2. The resolution adopted pursuant to Section 53397.1 shall contain all of the following information:

(a) A description of the facilities to be financed with the proceeds of the bond issue.

(b) The estimated cost of the facilities, the estimated cost of preparing and issuing the bonds, and the principal amount of the bond issuance.

(c) The maximum interest rate and discount on the bond issuance.

(d) A determination of the amount of tax revenue available or estimated to be available, for the payment of the principal of, and interest on, the bonds.

(e) A finding that the amount necessary to pay the principal of, and interest on, the bond issuance will be less than, or equal to, the amount determined pursuant to subdivision (d).

(f) The issuance of the bonds in one or more series.

(g) The date the bonds will bear.

(h) The denomination of the bonds.

(i) The form of the bonds.

(j) The manner and execution of the bonds.

(k) The medium of payment in which the bonds are payable.

(l) The place or manner of payment and any requirements for registration of the bonds.

(m) The terms or call of redemption, with or without premium.

SEC. 27. Section 53397.5 of the Government Code is repealed.

SEC. 28. Section 53397.6 of the Government Code is repealed.

SEC. 29. Section 53397.7 of the Government Code is repealed.

**Assembly Bill 229 (John A. Perez)
Infrastructure and Revitalization
Financing District**

Attachment 6



California
LEGISLATIVE INFORMATION

AB-229 Local government: infrastructure and revitalization financing districts. (2013-2014)

AMENDED IN SENATE AUGUST 12, 2013

AMENDED IN SENATE JUNE 11, 2013

AMENDED IN ASSEMBLY APRIL 08, 2013

CALIFORNIA LEGISLATURE— 2013–2014 REGULAR SESSION

ASSEMBLY BILL

No. 229

Introduced by Assembly Member John A. Pérez
(Coauthors: Assembly Members Atkins, Bonilla, Bonta, Cooley, Dickinson, Gordon, ~~and~~
~~Torres Harkey, Quirk-Silva, and Wagner)~~
(~~Coauthor: Senator DeSaulnier~~)(Coauthors: Senators DeSaulnier and Torres)

February 04, 2013

An act to add Chapter 2.6 (commencing with Section 53369) to Part 1 of Division 2 of Title 5 of the Government Code, and to amend Section 33459 of the Health and Safety Code, relating to local government.

LEGISLATIVE COUNSEL'S DIGEST

AB 229, as amended, John A. Pérez. Local government: infrastructure and revitalization financing districts.

Existing law authorizes the creation *by a city, county, or city and county* of *an* infrastructure financing ~~districts, district~~, as defined, for the sole purpose of financing public facilities, subject to adoption of a resolution by the legislative body and affected taxing entities proposed to be subject to division of taxes and 2/3 voter approval. Existing law authorizes the legislative body to, by majority vote, initiate proceedings to issue bonds for the financing of district projects by adopting a resolution, subject to specified procedures and 2/3 voter approval. Existing law requires an infrastructure financing plan to include the date on which an infrastructure financing district will cease to exist, which may not be more than 30 years from the date on which the ordinance forming the district is adopted. Existing law prohibits a district from including any portion of a redevelopment project area. Existing law, the Polanco Redevelopment Act, authorizes a redevelopment agency to take any action that the agency determines is necessary and consistent with state and federal laws to remedy or remove a release of hazardous substances on, under, or from property within a project area, whether the agency owns that property or not, subject to specified conditions. Existing law also declares the intent of the Legislature that the areas of the district created be substantially undeveloped, and that the establishment of a district should not ordinarily lead to the removal of dwelling units.

This bill would authorize the creation *by a city, county, city and county, or joint powers authority* of an infrastructure and revitalization financing district, as defined, and the issuance of debt with 2/3 voter approval. The bill would authorize the creation of a district for up to 40 years and the issuance of debt with a final

maturity date of up to 30 years, as specified. The bill would authorize a district to finance projects in redevelopment project areas and former redevelopment project areas and former military bases. The bill would authorize the legislative body ~~of a city~~ to dedicate any portion of its funds received from the Redevelopment Property Tax Trust Fund to the district, if specified criteria are met. The bill would authorize ~~a city to form the formation of~~ a district to finance a project or projects on a former military base, if specified conditions are met.

The bill would authorize a district to fund various projects, including, among others, watershed land used for the collection and treatment of water for urban uses, flood management, levees, bypasses, open space, habitat restoration, brownfields restoration, environmental mitigation, purchase of land and property for development purposes, including commercial property, hazardous cleanup, former military bases, and specified transportation purposes. The bill would authorize a district to implement hazardous cleanup pursuant to the Polanco Redevelopment Act, as specified. The bill would impose a specified reporting requirement on districts. The bill would state that it is the intent of the Legislature that the establishment of a district should not ordinarily lead to the removal of existing functional, habitable, and safe dwelling units, as specified. The bill would define the term "public works" for purposes of these provisions.

This bill would incorporate additional substantive changes in Section 33459 of the Health and Safety Code made by SB 470, to become operative if SB 470 and this bill become effective on or before January 1, 2014, and this bill is enacted last.

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

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

SECTION 1. Chapter 2.6 (commencing with Section 53369) is added to Part 1 of Division 2 of Title 5 of the Government Code, to read:

CHAPTER 2.6. Infrastructure and Revitalization Financing Districts **Article 1. General Provisions**

53369. It is the intent of the Legislature in enacting this chapter to establish a long-term permanent program that provides local governments with tools and resources for specified purposes, including, but not limited to, public infrastructure, affordable housing, economic development and job creation, and environmental protection and remediation, in a manner that encourages local cooperation and includes appropriate protections for state and local taxpayers.

53369.1. Unless the context otherwise requires, the definitions contained in this article shall govern the construction of this chapter.

(a) "Affected taxing entity" means any governmental taxing agency that levied or had levied on its behalf a property tax on all or a portion of the property located in the proposed district in the fiscal year prior to the designation of the district, but not including any county office of education, school district, or community college district.

(b) "City" means a city, county, city and county, or joint powers authority, where that entity is acting as the military base reuse authority established pursuant to Title 7.86 (commencing with Section 67800).

(c) "Debt" means any binding obligation to repay a sum of money, including obligations in the form of bonds, certificates of participation, long-term leases, loans from government agencies, or loans from banks, other financial institutions, private businesses, or individuals.

(d) "Designated official" means the city engineer or other appropriate official designated pursuant to Section 53369.13.

(e) (1) "District" means an infrastructure and revitalization financing district.

(2) An infrastructure and revitalization financing district is a "district" within the meaning of Section 1 of Article XIII A of the California Constitution.

(f) "Infrastructure and revitalization financing district" means a legally constituted governmental entity established pursuant to this chapter for the sole purpose of financing facilities authorized by this chapter.

(g) "Landowner" or "owner of land" means any person shown as the owner of land on the last equalized assessment roll or otherwise known to be the owner of the land by the legislative body. The legislative body

does not have any obligation to obtain other information as to the ownership of land, and its determination of ownership shall be final and conclusive for the purposes of this chapter. A public agency is not a landowner or owner of land for purposes of this chapter, unless the public agency owns all of the land to be included within the proposed district.

(h) "Legislative body" means the city council, board of supervisors, or joint powers authority that is acting as the military base reuse authority established pursuant to Title 7.86 (commencing with Section 67800).

(i) "Project area" means a defined area within a district in which the activities of the district share a common purpose or goal and an overall financing plan.

(j) "Public works" means public facilities or any other facilities described in Section 53369.3 that are to be financed in whole or in part by the district.

(k) "Net available revenue" means periodic distributions to the city from the Redevelopment Property Tax Trust Fund, created pursuant to Section 34170.5 of the Health and Safety Code, that are available to the city after all preexisting legal commitments and statutory obligations funded from that revenue are made pursuant to Part 1.85 (commencing with Section 34170) of Division 24 of the Health and Safety Code. ~~Net available revenue shall only include revenue remaining after all current distributions, including, but not limited to, payment of enforceable obligations, all distributions to other taxing entities, and applicable administrative fees, have been made.~~ *Net available revenue shall not include any funds deposited by the county auditor-controller into the Redevelopment Property Tax Trust Fund or funds remaining in the Redevelopment Property Tax Trust Fund, prior to distribution. Net available revenues shall not include any moneys payable to a school district that maintains kindergarten or grades 1 to 12, inclusive, or a community college district, or the Educational Revenue Augmentation Fund, pursuant to paragraph (4) of subdivision (a) of Section 34183 of the Health and Safety Code.*

53369.2. (a) The revenues available pursuant to Article 3 (commencing with Section 53369.30) may be used directly for work allowed pursuant to Section 53369.3, may be accumulated for a period not to exceed five years to provide a fund for that work, may be pledged to pay the principal of, and interest on, bonds issued pursuant to Article 4 (commencing with Section 53369.40), or may be pledged to pay the principal of, and interest on, bonds issued pursuant to the Improvement Bond Act of 1915 (Division 10 (commencing with Section 8500) of the Streets and Highways Code) or the Mello-Roos Community Facilities Act of 1982 (Chapter 2.5 (commencing with Section 53311)), the proceeds of which have been or will be used entirely for allowable purposes of the district. The revenue of the district may also be advanced for allowable purposes of the district to an Integrated Financing District established pursuant to Chapter 1.5 (commencing with Section 53175), in which case the district may be party to a reimbursement agreement established pursuant to that chapter. The revenues of the district may also be committed to paying for any completed facility acquired pursuant to Section 53369.3 over a period of time, including the payment of a rate of interest not to exceed the bond buyer index rate on the day that the agreement to repay is entered into by the city.

(b) The legislative body may enter into an agreement with any affected taxing entity providing for the construction of, or assistance in, financing facilities.

53369.3. (a) A district may finance (1) the purchase, construction, expansion, improvement, seismic retrofit, or rehabilitation of any real or other tangible property with an estimated useful life of 15 years or longer which satisfies the requirements of subdivision (b), (2) planning and design work that is directly related to the purchase, construction, expansion, improvement, rehabilitation, or seismic retrofit of that property, and (3) the costs described in Sections 53369.6 and 53369.31. The facilities need not be physically located within the boundaries of the district. A district may not finance routine maintenance, repair work, or the costs of ongoing operation or providing services of any kind.

(b) The district shall finance only facilities or projects of communitywide significance, including, but not limited to, any of the following:

- (1) Highways, interchanges, ramps and bridges, arterial streets, parking facilities, and transit facilities.
- (2) Sewage treatment and water reclamation plants and interceptor pipes.
- (3) Facilities and watershed lands used for the collection and treatment of water for urban uses.
- (4) Flood management, including levees, bypasses, dams, retention basins, and drainage channels.
- (5) Child care facilities.

- (6) Libraries.
 - (7) Parks, recreational facilities, open space, and habitat restoration.
 - (8) Facilities for the transfer and disposal of solid waste, including transfer stations and vehicles.
 - (9) Brownfields restoration and other environmental mitigation.
 - (10) Purchase of land and property for development purposes and related site improvements.
 - (11) Acquisition, construction, or repair of housing for rental or purchase, including multipurpose facilities.
 - (12) Acquisition, construction, or repair of commercial or industrial structures for private use.
 - (13) The repayment of the transfer of funds to a military base reuse authority pursuant to Section 67851 *that occurred on or after the creation of the district.*
- (c) Any district that constructs dwelling units shall set aside not less than 20 percent of those units to increase and improve the community's supply of low- and moderate-income housing available at an affordable housing cost, as defined by Section 50052.5 of the Health and Safety Code, or at an affordable rent, as defined by Section 50053 of the Health and Safety Code, to persons and families of low and moderate income, as defined in Section 50093 of the Health and Safety Code.
- (d) A district may utilize any powers under the Polanco Redevelopment Act (Article 12.5 (commencing with Section 33459) of Chapter 4 of Part 1 of Division 24 of the Health and Safety Code), and finance any action necessary to implement that act.
- (e) A district may finance any project that implements a sustainable communities strategy prepared pursuant to Section 65080.

53369.4. (a) A city may form a district to finance a project or projects on a former military base pursuant to the requirements set forth in this chapter.

(b) A district formed under this section may finance a project pursuant to this section or Section 53369.3 only if the project is consistent with the authority reuse plan and is approved by the military base reuse authority, if applicable.

53369.5. (a) A district may finance only the facilities or services authorized in this chapter. The additional facilities or services may not supplant facilities or services already available within that territory when the district was created, except if those facilities or services are essentially nonfunctional, obsolete, hazardous, or in need of upgrading or rehabilitation. The additional facilities or services may supplement those facilities and services as needed to serve new developments.

(b) A district may include areas that are not contiguous. A district may be divided into project areas, each of which may be subject to distinct limitations established under this chapter. The legislative body may, at any time, add territory to a district or amend the infrastructure financing plan for the district by conducting the same procedures for the formation of a district or approval of bonds, if applicable, as provided pursuant to this chapter.

(c) Any district may finance any project or portion of a project that is located in, or overlaps with, any redevelopment project area or former redevelopment project area or former military ~~base~~ *base, inclusively referred to as "overlapping." In the case of overlapping, the successor agency to the former redevelopment agency shall receive a finding of completion, as described in Section 34179.7 of the Health and Safety Code, prior to the district financing any project or portion of a project in the overlapping area.*

(d) Notwithstanding subdivision (c), any debt or obligation of a district shall be subordinate to an enforceable obligation of a former redevelopment agency, as defined in Section 34171 of the Health and Safety Code. *For purposes of this chapter, the division of taxes allocated to the district pursuant to subdivision (b) of Section 53369.30 shall not include any taxes required to be deposited by the county auditor-controller into the Redevelopment Property Tax Trust Fund created pursuant to subdivision (b) of Section 34170.5 of the Health and Safety Code.*

(e) The legislative body of the city forming the district may choose to dedicate any portion of its net available revenue to the district through the financing plan described in Section 53369.14.

53369.6. It is the intent of the Legislature that the establishment of a district should not ordinarily lead to the removal of existing functional, habitable, and safe dwelling units. If, however, any dwelling units are proposed to be removed or destroyed in the course of private development or facilities construction within the area of the district, the legislative body shall do all of the following:

(a) Within four years of the removal or destruction, cause or require the construction or rehabilitation, for rental or sale to persons or families of low or moderate income, of an equal number of replacement dwelling units at affordable housing cost, as defined in Section 50052.5 of the Health and Safety Code, or affordable rent, as defined in Section 50053 of the Health and Safety Code, within the territory of the district if the dwelling units removed were inhabited by persons or families of low or moderate income, as defined in Section 50093 of the Health and Safety Code.

(b) Within four years of the removal or destruction, cause or require the construction or rehabilitation, for rental or sale to persons of low or moderate income, a number of dwelling units which is at least one unit but not less than 20 percent of the total dwelling units removed at affordable housing cost, as defined in Section 50052.5 of the Health and Safety Code, or affordable rent, as defined in Section 50053 of the Health and Safety Code, within the territory of the district if the dwelling units removed or destroyed were not inhabited by persons of low or moderate income, as defined in Section 50093 of the Health and Safety Code.

(c) In the case of dwelling units located on a former military base that are destroyed or removed in connection with a base reuse plan, replacement dwelling units required by subdivision (a) or (b) may be located anywhere within the territory of the former military base consistent with the base reuse plan, local general plan, and infrastructure financing plan, as applicable.

(d) Provide relocation assistance and make all the payments required by Chapter 16 (commencing with Section 7260) of Division 7 of Title 1, to persons displaced by any public or private development occurring within the territory of the district. This displacement shall be deemed to be the result of public action.

(e) Ensure that removal or destruction of any dwelling units occupied by persons or families of low or moderate income not take place unless and until there are suitable housing units, at comparable cost to the units from which the persons or families were displaced, available and ready for occupancy by the residents of the units at the time of their displacement. The housing units shall be suitable to the needs of these displaced persons or families and shall be decent, safe, sanitary, and otherwise standard dwellings.

53369.7. Any action or proceeding to attack, review, set aside, void, or annul the creation of a district, adoption of an infrastructure financing plan, including a division of taxes thereunder, or an election pursuant to this chapter shall be commenced within 30 days after the enactment of the ordinance creating the district pursuant to Section 53369.23. Consistent with the time limitations of this section, such an action or proceeding with respect to a division of taxes under this chapter may be brought pursuant to Chapter 9 (commencing with Section 860) of Title 10 of Part 2 of the Code of Civil Procedure, except that Section 869 of the Code of Civil Procedure shall not apply.

53369.8. An action to determine the validity of the issuance of bonds pursuant to this chapter may be brought pursuant to Chapter 9 (commencing with Section 860) of Title 10 of Part 2 of the Code of Civil Procedure. However, notwithstanding the time limits specified in Section 860 of the Code of Civil Procedure, the action shall be commenced within 30 days after adoption of the resolution pursuant to Section 53369.44 providing for issuance of the bonds if the action is brought by an interested person pursuant to Section 863 of the Code of Civil Procedure. Any appeal from a judgment in that action or proceeding shall be commenced within 30 days after entry of judgment.

Article 2. Preparation and Adoption of Infrastructure Revitalization Financing District Plans

53369.10. A legislative body of a city may designate one or more proposed infrastructure revitalization financing districts pursuant to this chapter. Proceedings for the establishment of a district shall be instituted by the adoption of a resolution of intention to establish the proposed district and shall do all of the following:

(a) State that an infrastructure revitalization financing district is proposed to be established under the terms of this chapter and describe the boundaries of the proposed district and any project area proposed within the district, which may be accomplished by reference to a map on file in the office of the clerk of the city.

(b) State the type of facilities proposed to be financed by the district. The district may only finance facilities authorized by Section 53369.3.

(c) State that incremental property tax revenue from the city and some or all affected taxing entities within the district may be used to finance these facilities.

(d) State that net available revenue from the city may be used to finance these facilities and state the maximum portion of the net available revenue to be committed to the district for each year during which the district will receive these revenues.

(e) Fix a time and place for a public hearing on the proposal.

53369.11. The legislative body shall cause a copy of the resolution of intention to create the district to be mailed to each owner of land within the district.

53369.12. The legislative body shall cause a copy of the resolution to be mailed to each affected taxing entity.

53369.13. After adopting the resolution pursuant to Section 53369.10, the legislative body shall designate and direct the city engineer or other appropriate official to prepare an infrastructure plan pursuant to Section 53369.14.

53369.14. After receipt of a copy of the resolution of intention to establish a district, the official designated pursuant to Section 53369.13 shall prepare a proposed infrastructure financing plan. The infrastructure financing plan shall be consistent with the general plan of the city within which the district is located and shall include all of the following:

(a) A map and legal description of the proposed district, which may include all or a portion of the district designated by the legislative body in its resolution of intention.

(b) A description of the facilities required to serve the development proposed in the area of the district including those to be provided by the private sector, those to be provided by governmental entities without assistance under this chapter, those improvements and facilities to be financed with assistance from the proposed district, and those to be provided jointly. The description shall include the proposed location, timing, and costs of the improvements and facilities.

(c) A finding that the facilities are of communitywide significance.

(d) A financing section, which shall contain all of the following information:

(1) A specification of the maximum portion of the incremental tax revenue of the city and of each affected taxing entity proposed to be committed to the district for each year during which the district will receive incremental tax revenue. The portion need not be the same for all affected taxing entities. The portion may change over time.

(2) A projection of the amount of tax revenues expected to be received by the district in each year during which the district will receive tax revenues, including an estimate of the amount of tax revenues attributable to each affected taxing entity proposed to be committed to the district for each year. If applicable, the plan shall also include a specification of the maximum portion of the net available revenue of the city proposed to be committed to the district for each year during which the district will receive revenue. The portion may vary over time.

(3) A plan for financing the facilities to be assisted by the district, including a detailed description of any intention to incur debt.

(4) A limit on the total number of dollars of taxes that may be allocated to the district pursuant to the plan.

(5) A date on which the district shall cease to exist, by which time all tax allocation, including any allocation of net available revenue, to the district will end. The date shall not be more than 40 years from the date on which the ordinance forming the district is adopted pursuant to Section 53369.23, or a later date, if specified by the ordinance, on which the allocation of tax increment will begin. The district may issue debt with a final maturity date of up to 30 years from the date of issuance of each debt issue, subject to the time limit on tax allocation to the district.

(6) An analysis of the costs to the city of providing facilities and services to the area of the district while the area is being developed and after the area is developed. The plan shall also include an analysis of the tax, fee, charge, and other revenues expected to be received by the city as a result of expected development in the area of the district.

(7) An analysis of the projected fiscal impact of the district and the associated development upon each affected taxing entity that is proposed to participate in financing the district.

(8) A plan for financing any potential costs that may be incurred by reimbursing a developer of a project that is both located entirely within the boundaries of that district and qualifies for the Transit Priority Project Program, pursuant to Section 65470, including any permit and affordable housing expenses related to the project.

(e) If any dwelling units occupied by persons or families of low or moderate income are proposed to be removed or destroyed in the course of private development or facilities construction within the area of the district, a plan providing for replacement of those units and relocation of those persons or families consistent with the requirements of Section 53369.6.

53369.15. The infrastructure financing plan shall be sent to each owner of land within the proposed district and to each affected taxing entity together with any report required by the California Environmental Quality Act (Division 13 (commencing with Section 21000) of the Public Resources Code) that pertains to the proposed facilities or the proposed development project for which the facilities are needed, and shall be made available for public inspection. The report shall also be sent to the planning commission and the legislative body.

53369.16. The designated official shall consult with each affected taxing entity, and, at the request of any affected taxing entity, shall meet with representatives of an affected taxing entity. Any affected taxing entity may suggest revisions to the plan.

53369.17. The legislative body shall conduct a public hearing prior to adopting the proposed infrastructure financing plan. The public hearing shall be called no sooner than 60 days after the plan has been sent to each affected taxing entity. In addition to the notice given to landowners and affected taxing entities pursuant to Sections 53369.11 and 53369.12, notice of the public hearing shall be given by publication not less than once a week for four successive weeks in a newspaper of general circulation published in the city in which the proposed district is located. The notice shall state that the district will be used to finance public works, briefly describe the public works, briefly describe the proposed financial arrangements, including the proposed commitment of incremental tax revenue, describe the boundaries of the proposed district and state the day, hour, and place when and where any persons having any objections to the proposed infrastructure financing plan, or the regularity of any of the prior proceedings, may appear before the legislative body and object to the adoption of the proposed plan by the legislative body.

53369.18. At the hour set in the required notices, the legislative body shall proceed to hear and pass upon all written and oral objections. The hearing may be continued from time to time. The legislative body shall consider the recommendations, if any, of affected taxing entities, and all evidence and testimony for and against the adoption of the plan. The legislative body may modify the plan by eliminating or reducing the size and cost of proposed public works, by reducing the amount of proposed debt, or by reducing the portion, amount, or duration of incremental tax revenues to be committed to the district.

53369.19. (a) The legislative body shall not enact a resolution proposing formation of a district and providing for the division of taxes of any affected taxing entity pursuant to Article 3 (commencing with Section 53369.30), unless a resolution approving the plan has been adopted by the governing body of each affected taxing entity which is proposed to be subject to division of taxes pursuant to Article 3 (commencing with Section 53369.30) has been filed with the legislative body at or prior to the time of the hearing.

(b) In the case of an affected taxing entity that is a special district that provides fire protection services and where the county board of supervisors is the governing authority or has appointed itself as the governing board of the district, the plan shall be adopted by a separate resolution approved by the district's governing authority or governing board.

(c) This section shall not be construed to prevent the legislative body from amending its infrastructure financing plan and adopting a resolution proposing formation of the infrastructure revitalization financing district without allocation of the tax revenues of any affected taxing entity which has not approved the infrastructure financing plan by resolution of the governing body of the affected taxing entity.

53369.20. (a) At the conclusion of the hearing, the legislative body may adopt a resolution proposing adoption of the infrastructure financing plan, as modified, and formation of the infrastructure revitalization financing district in a manner consistent with Section 53369.19, or it may abandon the proceedings. If the legislative body adopts a resolution proposing formation of the district, it shall then submit the proposal to create the district to the qualified electors of the proposed district in the next general election or in a special election to be held,

notwithstanding any other requirement, including any requirement that elections be held on specified dates, contained in the Elections Code, at least 90 days, but not more than 180 days, following the adoption of the resolution of formation. The legislative body shall provide the resolution of formation, a certified map of sufficient scale and clarity to show the boundaries of the district, and a sufficient description to allow the election official to determine the boundaries of the district to the official conducting the election within three business days after the adoption of the resolution of formation. The assessor's parcel numbers for the land within the district shall be included if it is a landowner election or the district does not conform to an existing district's boundaries and if requested by the official conducting the election. If the election is to be held less than 125 days following the adoption of the resolution of formation, the concurrence of the election official conducting the election shall be required. However, any time limit specified by this section or requirement pertaining to the conduct of the election may be waived with the unanimous consent of the qualified electors of the proposed district and the concurrence of the election official conducting the election.

(b) If at least 12 persons have been registered to vote within the territory of the proposed district for each of the 90 days preceding the close of the hearing, the vote shall be by the registered voters of the proposed district, who need not necessarily be the same persons, with each voter having one vote. Otherwise, the vote shall be by the landowners of the proposed district and each landowner who is the owner of record at the close of the protest hearing, or the authorized representative thereof, shall have one vote for each acre or portion of an acre of land that he or she owns within the proposed district. The number of votes to be voted by a particular landowner shall be specified on the ballot provided to that landowner.

(c) Ballots for the special election authorized by subdivision (a) may be distributed to qualified electors by mail with return postage prepaid or by personal service by the election official. The official conducting the election may certify the proper mailing of ballots by an affidavit, which shall be exclusive proof of mailing in the absence of fraud. The voted ballots shall be returned to the election official conducting the election not later than the hour specified in the resolution calling the election. However, if all the qualified voters have voted, the election shall be closed.

53369.21. (a) Except as otherwise provided in this chapter, laws regulating elections of the local agency that calls an election pursuant to this chapter, insofar as they may be applicable, shall govern all elections conducted pursuant to this chapter. Except as provided in subdivision (b), there shall be prepared and included in the ballot material provided to each voter, an impartial analysis pursuant to Section 9160 or 9280 of the Elections Code, arguments and rebuttals, if any, pursuant to Sections 9162 to 9167, inclusive, and 9190 of the Elections Code or pursuant to Sections 9281 to 9287, inclusive, and 9295 of the Elections Code.

(b) If the vote is to be by the landowners of the proposed district, analysis and arguments may be waived with the unanimous consent of all the landowners and shall be so stated in the order for the election.

53369.22. (a) If the election is to be conducted by mail ballot, the election official conducting the election shall provide ballots and election materials pursuant to subdivision (d) of Section 53326 and Section 53327, together with all supplies and instructions necessary for the use and return of the ballot.

(b) The identification envelope for return of mail ballots used in landowner elections shall contain the following:

- (1) The name of the landowner.
- (2) The address of the landowner.
- (3) A declaration, under penalty of perjury, stating that the voter is the owner of record or the authorized representative of the landowner entitled to vote and is the person whose name appears on the identification envelope.
- (4) The printed name and signature of the voter.
- (5) The address of the voter.
- (6) The date of signing and place of execution of the declaration pursuant to paragraph (3).
- (7) A notice that the envelope contains an official ballot and is to be opened only by the canvassing board.

53369.23. After the canvass of returns of any election pursuant to Section 53369.20, the legislative body may, by ordinance, adopt the infrastructure financing plan and create the district with full force and effect of law, if two-thirds of the votes upon the question of creating the district are in favor of creating the district.

53369.24. After the canvass of returns of any election conducted pursuant to Section 53369.20, the legislative body shall take no further action with respect to the proposed infrastructure revitalization financing district for one year from the date of the election if the question of creating the district fails to receive approval of two-thirds of the votes cast upon the question.

53369.25. The legislative body may submit a proposition to establish or change the appropriations limit, as defined by subdivision (h) of Section 8 of Article XIII B of the California Constitution, of a district to the qualified electors of a proposed or established district. The proposition establishing or changing the appropriations limit shall become effective if approved by the qualified electors voting on the proposition and shall be adjusted for changes in the cost of living and changes in populations, as defined by subdivisions (b) and (c) of Section 7901, except that the change in population may be estimated by the legislative body in the absence of an estimate by the Department of Finance, and in accordance with Section 1 of Article XIII B of the California Constitution. For purposes of adjusting for changes in population, the population of the district shall be deemed to be at least one person during each calendar year. Any election held pursuant to this section may be combined with any election held pursuant to Section 53369.20 in any convenient manner.

53369.26. No later than June 30 of each year after the adoption of an infrastructure financing plan, the legislative body shall post an annual report in an easily identifiable and accessible location on the legislative body's Internet Web site. The annual report shall contain all of the following:

- (a) A summary of the district's expenditures.
- (b) A description of the progress made toward the district's adopted goals.
- (c) An assessment of the status regarding completion of the district's projects.

Article 3. Division of Taxes

53369.30. Any infrastructure financing plan may contain a provision that taxes, if any, levied upon taxable property in the area included within the infrastructure revitalization financing district each year by or for the benefit of the State of California, or any affected taxing entity after the effective date of the ordinance adopted pursuant to Section 53369.23 to create the district, shall be divided as follows:

(a) That portion of the taxes which would be produced by the rate upon which the tax is levied each year by or for each of the affected taxing entities upon the total sum of the assessed value of the taxable property in the district as shown upon the assessment roll used in connection with the taxation of the property by the affected taxing entity, last equalized prior to the effective date of the ordinance adopted pursuant to Section 53369.23 to create the district, shall be allocated to, and when collected shall be paid to, the respective affected taxing entities as taxes by or for the affected taxing entities on all other property are paid.

(b) That portion of the levied taxes each year specified in the adopted infrastructure financing plan for the city and each affected taxing entity which has agreed to participate pursuant to Section 53369.19 in excess of the amount specified in subdivision (a) shall be allocated to, and when collected shall be paid into a special fund of, the district for all lawful purposes of the district. Unless and until the total assessed valuation of the taxable property in a district exceeds the total assessed value of the taxable property in the district as shown by the last equalized assessment roll referred to in subdivision (a), all of the taxes levied and collected upon the taxable property in the district shall be paid to the respective affected taxing entities. When the district ceases to exist pursuant to the adopted infrastructure financing plan, all moneys thereafter received from taxes upon the taxable property in the district shall be paid to the respective affected taxing entities as taxes on all other property are paid.

53369.31. All costs incurred by a county in connection with the division of taxes pursuant to Section 53369.30 for a district shall be paid by that district.

Article 4. Tax Increment Bonds

53369.40. The legislative body may, by majority vote, initiate proceedings to issue bonds pursuant to this chapter by adopting a resolution stating its intent to issue the bonds.

53369.41. The resolution adopted pursuant to Section 53369.40 shall contain all of the following information:

- (a) A description of the facilities to be financed with the proceeds of the proposed bond issue.

(b) The estimated cost of the facilities, the estimated cost of preparing and issuing the bonds, and the principal amount of the proposed bond issuance.

(c) The maximum interest rate and discount on the proposed bond issuance.

(d) The date of the election on the proposed bond issuance and the manner of holding the election.

(e) A determination of the amount of tax revenue available or estimated to be available, for the payment of the principal of, and interest on, the bonds.

(f) A finding that the amount necessary to pay the principal of, and interest on, the proposed bond issuance will be less than, or equal to, the amount determined pursuant to subdivision (e).

53369.42. The clerk of the legislative body shall publish the resolution adopted pursuant to Section 53369.40 once a day for at least seven successive days in a newspaper published in the city or county at least six days a week, or at least once a week for two successive weeks in a newspaper published in the city or county less than six days a week.

If there are no newspapers meeting these criteria, the resolution shall be posted in three public places within the territory of the district for two succeeding weeks.

53369.43. The legislative body shall submit the proposal to issue the bonds to the voters who reside within the district. The election shall be conducted in the same manner as the election to create the district pursuant to Section 53369.20 and the two elections may be consolidated.

53369.44. (a) Bonds may be issued only if two-thirds of the voters voting on the proposition vote in favor of authorizing the issuance of the bonds.

(b) If the voters authorize the issuance of the bonds as provided by subdivision (a), the legislative body may subsequently proceed with the issuance of the bonds by adopting a resolution which shall provide for all of the following:

(1) The issuance of the bonds in one or more series.

(2) The principal amount of the bonds, which shall be consistent with the amount specified in subdivision (b) of Section 53369.41.

(3) The date the bonds will bear.

(4) The date of maturity of the bonds.

(5) The denomination of the bonds.

(6) The form of the bonds.

(7) The manner of execution of the bonds.

(8) The medium of payment in which the bonds are payable.

(9) The place or manner of payment and any requirements for registration of the bonds.

(10) The terms of call or redemption, with or without premium.

53369.45. If any proposition submitted to the voters pursuant to this chapter is defeated by the voters, the legislative body shall not submit, or cause to be submitted, a similar proposition to the voters for at least one year after the first election.

53369.46. The legislative body may, by majority vote, provide for refunding of bonds issued pursuant to this chapter. However, refunding bonds shall not be issued if the total net interest cost to maturity on the refunding bonds plus the principal amount of the refunding bonds exceeds the total net interest cost to maturity on the bonds to be refunded. The legislative body may not extend the time to maturity of the bonds.

53369.47. The legislative body or any person executing the bonds shall not be personally liable on the bonds by reason of their issuance. The bonds and other obligations of a district issued pursuant to this chapter are not a debt of the city, county, or state or of any of its political subdivisions, other than the district, and none of those entities, other than the district, shall be liable on the bonds and the bonds or obligations shall be payable

exclusively from funds or properties of the district. The bonds shall contain a statement to this effect on their face. The bonds do not constitute an indebtedness within the meaning of any constitutional or statutory debt limitation.

53369.48. (a) The bonds may be sold at discount not to exceed 5 percent of par at a negotiated or public sale. At least five days prior to a public sale, notice shall be published, pursuant to Section 6061, in a newspaper of general circulation and in a financial newspaper published in the City and County of San Francisco and in the City of Los Angeles. The bonds may be sold at not less than par to the federal government at private sale without any public advertisement.

(b) Any negotiated sale of bonds pursuant to this section shall be limited to bond issuances of an infrastructure and revitalization financing district that do not exceed five million dollars (\$5,000,000).

53369.49. If any member of the legislative body whose signature appears on bonds ceases to be a member of the legislative body before delivery of the bonds, his or her signature is as effective as if he or she had remained in office. Bonds issued pursuant to this chapter are fully negotiable.

SEC. 2. Section 33459 of the Health and Safety Code is amended to read:

33459. For purposes of this article, the following terms shall have the following meanings:

(a) "Department" means the Department of Toxic Substances Control.

(b) "Director" means the Director of Toxic Substances Control.

(c) "Hazardous substance" means any hazardous substance as defined in subdivision (h) of Section 25281, and any reference to hazardous substance in the definitions referenced in this section shall be deemed to refer to hazardous substance, as defined in this subdivision.

(d) "Local agency" means a single local agency that is one of the following:

(1) A local agency authorized pursuant to Section 25283 to implement Chapter 6.7 (commencing with Section 25280) of, and Chapter 6.75 (commencing with Section 25299.10) of, Division 20.

(2) A local officer who is authorized pursuant to Section 101087 to supervise a remedial action.

(3) An infrastructure and revitalization financing district created pursuant to Chapter 2.6 (commencing with Section 53369) or Chapter 2.10 (commencing with Section 53399) of Part 1 of Division 2 of Title 5 of the Government Code.

(e) "Qualified independent contractor" means an independent contractor who is any of the following:

(1) An engineering geologist who is certified pursuant to Section 7842 of the Business and Professions Code.

(2) A geologist who is registered pursuant to Section 7850 of the Business and Professions Code.

(3) A civil engineer who is registered pursuant to Section 6762 of the Business and Professions Code.

(f) "Release" means any release, as defined in Section 25320.

(g) "Remedy" or "remove" means any action to assess, evaluate, investigate, monitor, remove, correct, clean up, or abate a release of a hazardous substance or to develop plans for those actions. "Remedy" includes any action set forth in Section 25322 and "remove" includes any action set forth in Section 25323.

(h) "Responsible party" means any person described in subdivision (a) of Section 25323.5 of this code or subdivision (a) of Section 13304 of the Water Code.

SEC. 3. Section 33459 of the Health and Safety Code is amended to read:

33459. For purposes of this article, the following terms shall have the following meanings:

(a) "Agency" includes a former redevelopment agency as defined in Section 33003 and a city, county, or city and county.

~~(a)~~

~~(b)~~ "Department" means the Department of Toxic Substances Control.

~~(b)~~

~~(c)~~ "Director" means the Director of Toxic Substances Control.

~~(c)~~

~~(d)~~ "Hazardous substance" means any hazardous substance as defined in subdivision (h) of Section 25281, and any reference to hazardous substance in the definitions referenced in this section shall be deemed to refer to hazardous substance, as defined in this subdivision.

~~(d)~~

~~(e)~~ "Local agency" means a single local agency that is one of the following:

(1) A local agency authorized pursuant to Section 25283 to implement Chapter 6.7 (commencing with Section 25280) of, and Chapter 6.75 (commencing with Section 25299.10) of, Division 20.

(2) A local officer who is authorized pursuant to Section 101087 to supervise a remedial action.

(3) An infrastructure and revitalization financing district created pursuant to Chapter 2.6 (commencing with Section 53369) or Chapter 2.10 (commencing with Section 53399) of Part 1 of Division 2 of Title 5 of the Government Code.

~~(e)~~

~~(f)~~ "Qualified independent contractor" means an independent contractor who is any of the following:

(1) An engineering geologist who is certified pursuant to Section 7842 of the Business and Professions Code.

(2) A geologist who is registered pursuant to Section 7850 of the Business and Professions Code.

(3) A civil engineer who is registered pursuant to Section 6762 of the Business and Professions Code.

~~(f)~~

~~(g)~~ "Release" means any release, as defined in Section 25320.

~~(g)~~

~~(h)~~ "Remedy" or "remove" means any action to assess, evaluate, investigate, monitor, remove, correct, clean up, or abate a release of a hazardous substance or to develop plans for those actions. "Remedy" includes any action set forth in Section 25322 and "remove" includes any action set forth in Section 25323.

~~(h)~~

~~(i)~~ "Responsible party" means any person described in subdivision (a) of Section 25323.5 of this code or subdivision (a) of Section 13304 of the Water Code.

SEC. 4. *Section 3 of this bill incorporates amendments to Section 33459 of the Health and Safety Code proposed by both this bill and Senate Bill 470. It shall become operative only if (1) both bills are enacted and become effective on or before January 1, 2014, (2) each bill amends Section 33459 of the Health and Safety Code, and (3) this bill is enacted after Senate Bill 470, in which case Section 2 of this bill shall not become operative.*

**Assembly Bill 243 (Dickinson)
Infrastructure and Revitalization
Financing District**

Attachment 7

AMENDED IN SENATE AUGUST 19, 2013

AMENDED IN SENATE JUNE 18, 2013

AMENDED IN SENATE JUNE 5, 2013

CALIFORNIA LEGISLATURE—2013–14 REGULAR SESSION

ASSEMBLY BILL

No. 243

**Introduced by Assembly Member Dickinson
(Principal coauthors: Assembly Members Atkins, Bonta, and
John A. Pérez)**

February 6, 2013

An act to add Chapter 2.10 (commencing with Section 53399) to Part 1 of Division 2 of Title 5 of the Government Code, and to amend Section 33459 of the Health and Safety Code, relating to local government.

LEGISLATIVE COUNSEL'S DIGEST

AB 243, as amended, Dickinson. Local government: infrastructure and revitalization financing districts.

Existing law authorizes the creation of infrastructure financing districts, as defined, for the sole purpose of financing public facilities, subject to adoption of a resolution by the legislative body and affected taxing entities proposed to be subject to division of taxes and $\frac{2}{3}$ voter approval. Existing law authorizes the legislative body to, by majority vote, initiate proceedings to issue bonds for the financing of district projects by adopting a resolution, subject to specified procedures and $\frac{2}{3}$ voter approval. Existing law requires an infrastructure financing plan to include the date on which an infrastructure financing district will cease to exist, which may not be more than 30 years from the date on which the ordinance forming the district is adopted. Existing law prohibits a district from including any portion of a redevelopment project

area. Existing law, the Polanco Redevelopment Act, authorizes a redevelopment agency to take any action that the agency determines is necessary and consistent with state and federal laws to remedy or remove a release of hazardous substances on, under, or from property within a project area, whether the agency owns that property or not, subject to specified conditions.

This bill would authorize the creation of an infrastructure and revitalization financing district, as defined, and the issuance of debt with 55% voter approval. The bill would authorize the creation of a district for up to 40 years and the issuance of debt with a final maturity date of up to 30 years, as specified. The bill would authorize a district to finance projects in redevelopment project areas and former redevelopment project areas and former military bases. The bill would authorize the legislative body of a city, *as defined*, to dedicate any portion of its funds received from the Redevelopment Property Tax Trust Fund to the district, if specified criteria are met. The bill would authorize a city to form a district to finance a project or projects on a former military base, if specified conditions are met. The bill would provide that the formation of the district and the issuance of debt by ~~such a~~ *the* district on land of a former military base that is publicly owned is not subject to voter approval, as specified.

The bill would authorize a district to fund various projects, including, among others, watershed land used for the collection and treatment of water for urban uses, flood management, levees, bypasses, open space, habitat restoration, brownfields restoration, environmental mitigation, purchase of land and property for development purposes, including commercial property, hazardous cleanup, former military bases, and specified transportation purposes. The bill would authorize a district to implement hazardous cleanup pursuant to the Polanco Redevelopment Act, as specified. The bill would impose a specified reporting requirement on districts.

This bill would incorporate additional changes to Section 33459 of the Health and Safety Code proposed by SB 470 that would become operative if this bill and SB 470 are enacted and this bill is enacted last.

Vote: majority. Appropriation: no. Fiscal committee: yes.
State-mandated local program: no.

The people of the State of California do enact as follows:

1 SECTION 1. Chapter 2.10 (commencing with Section 53399)
2 is added to Part 1 of Division 2 of Title 5 of the Government Code,
3 to read:

4
5 CHAPTER 2.10. INFRASTRUCTURE AND REVITALIZATION
6 FINANCING DISTRICTS

7
8 Article 1. General Provisions
9

10 53399. It is the intent of the Legislature in enacting this chapter
11 to establish a long-term permanent program that provides local
12 governments with tools and resources for specified purposes,
13 including, but not limited to, public infrastructure, affordable
14 housing, economic development and job creation, and
15 environmental protection and remediation, in a manner that
16 encourages local cooperation and includes appropriate protections
17 for state and local taxpayers.

18 53399.1. Unless the context otherwise requires, the definitions
19 contained in this article shall govern the construction of this
20 chapter.

21 (a) “Affected taxing entity” means any governmental taxing
22 agency that levied or had levied on its behalf a property tax on all
23 or a portion of the property located in the proposed district in the
24 fiscal year prior to the designation of the district, but not including
25 any county office of education, school district, or community
26 college district.

27 (b) “City” means a city, a county, or a city and county.

28 (c) “Debt” means any binding obligation to repay a sum of
29 moneys, including obligations in the form of bonds, certificates
30 of participation, long-term leases, loans from government agencies,
31 or loans from banks, other financial institutions, private businesses,
32 or individuals.

33 (d) “Designated official” means the city engineer or other
34 appropriate official designated pursuant to Section 53399.13.

35 (e) (1) “District” means an infrastructure and revitalization
36 financing district.

1 (2) An infrastructure and revitalization financing district is a
2 “district” within the meaning of Section 1 of Article XIII A of the
3 California Constitution.

4 (f) “Infrastructure and revitalization financing district” means
5 a legally constituted governmental entity established pursuant to
6 this chapter for the sole purpose of financing facilities authorized
7 by this chapter.

8 (g) “Landowner” or “owner of land” means any person shown
9 as the owner of land on the last equalized assessment roll or
10 otherwise known to be the owner of the land by the legislative
11 body. The legislative body shall not have any obligation to obtain
12 other information as to the ownership of land, and its determination
13 of ownership shall be final and conclusive for the purposes of this
14 chapter. A public agency is not a landowner or owner of land for
15 purposes of this chapter, unless the public agency owns all of the
16 land to be included within the proposed district.

17 (h) “Legislative body” means the city council or board of
18 supervisors.

19 (i) “Project area” means a defined area within a district in which
20 the activities of the district share a common purpose or goal and
21 an overall financing plan.

22 (j) “Public works” means public facilities or any other facilities
23 described in Section 53399.3 that are to be financed in whole or
24 in part by the district.

25 (k) “Net available revenue” means periodic distributions to the
26 city from the Redevelopment Property Tax Trust Fund, created
27 pursuant to Section 34170.5 of the Health and Safety Code, that
28 are available to the city after all preexisting legal commitments
29 and statutory obligations funded from that revenue are made
30 pursuant to Part 1.85 (commencing with Section 34170) of Division
31 24 of the Health and Safety Code. Net available revenue shall *not*
32 ~~include only revenue remaining after all current distributions,~~
33 ~~including, but not limited to, payment of enforceable obligations,~~
34 ~~all distributions to other taxing entities, and applicable~~
35 ~~administrative fees, have been made~~ *any funds deposited by the*
36 *county auditor-controller into the Redevelopment Property Tax*
37 *Trust Fund or funds remaining in the Redevelopment Property*
38 *Tax Trust Fund, prior to distribution. Net available revenues shall*
39 *not include any moneys payable to a school district that maintains*
40 *kindergarten and grades 1 to 12, inclusive, or to the Education*

1 *Revenue Augmentation Fund, pursuant to paragraph (4) of*
2 *subdivision (a) of Section 34183 of the Health and Safety Code.*

3 53399.2. (a) The revenues available pursuant to Article 3
4 (commencing with Section 53399.30) may be used directly for
5 work allowed pursuant to Section 53399.3, may be accumulated
6 for a period not to exceed five years to provide a fund for that
7 work, may be pledged to pay the principal of, and interest on,
8 bonds issued pursuant to Article 4 (commencing with Section
9 53399.40), or may be pledged to pay the principal of, and interest
10 on, bonds issued pursuant to the Improvement Bond Act of 1915
11 (Division 10 (commencing with Section 8500) of the Streets and
12 Highways Code) or the Mello-Roos Community Facilities Act of
13 1982 (Chapter 2.5 (commencing with Section 53311)), the proceeds
14 of which have been or will be used entirely for allowable purposes
15 of the district. The revenue of the district may also be advanced
16 for allowable purposes of the district to an Integrated Financing
17 District established pursuant to Chapter 1.5 (commencing with
18 Section 53175), in which case the district may be party to a
19 reimbursement agreement established pursuant to that chapter.
20 The revenues of the district may also be committed to paying for
21 any completed facility acquired pursuant to Section 53399.3 over
22 a period of time, including the payment of a rate of interest not to
23 exceed the bond buyer index rate on the day that the agreement to
24 repay is entered into by the city.

25 (b) The legislative body may enter into an agreement with any
26 affected taxing entity providing for the construction of, or
27 assistance in, financing facilities.

28 53399.3. (a) A district may finance (1) the purchase,
29 construction, expansion, improvement, seismic retrofit, or
30 rehabilitation of any real or other tangible property with an
31 estimated useful life of 15 years or longer which satisfies the
32 requirements of subdivision (b), (2) may finance planning and
33 design work which is directly related to the purchase, construction,
34 expansion, improvement, rehabilitation, or seismic retrofit of that
35 property, and (3) the costs described in Sections 53399.6 and
36 53399.31. The facilities need not be physically located within the
37 boundaries of the district. A district may not finance routine
38 maintenance, repair work, or the costs of ongoing operation or
39 providing services of any kind.

- 1 (b) The district shall finance only facilities or projects of
2 communitywide significance, including, but not limited to, any of
3 the following:
- 4 (1) Highways, interchanges, ramps and bridges, arterial streets,
5 parking facilities, and transit facilities.
 - 6 (2) Sewage treatment and water reclamation plants and
7 interceptor pipes.
 - 8 (3) Facilities and watershed lands used for the collection and
9 treatment of water for urban uses.
 - 10 (4) Flood management, including levees, bypasses, dams,
11 retention basins, and drainage channels.
 - 12 (5) Child care facilities.
 - 13 (6) Libraries.
 - 14 (7) Parks, recreational facilities, open space, and habitat
15 restoration.
 - 16 (8) Facilities for the transfer and disposal of solid waste,
17 including transfer stations and vehicles.
 - 18 (9) Brownfields restoration and other environmental mitigation.
 - 19 (10) Purchase of land and property for development purposes
20 and related site improvements.
 - 21 (11) Acquisition, construction, or repair of housing for rental
22 or purchase, including multipurpose facilities.
 - 23 (12) Acquisition, construction, or repair of commercial or
24 industrial structures for private use.
 - 25 (13) The repayment of the transfer of funds to a military base
26 reuse authority pursuant to Section 67851.
- 27 (c) Any district that constructs dwelling units shall set aside not
28 less than 20 percent of those units to increase and improve the
29 community's supply of low- and moderate-income housing
30 available at an affordable housing cost, as defined by Section
31 50052.5 of the Health and Safety Code, or at an affordable rent,
32 as defined by Section 50053 of the Health and Safety Code, to
33 persons and families of low and moderate income, as defined in
34 Section 50093 of the Health and Safety Code.
- 35 (d) A district may utilize any powers under the Polanco
36 Redevelopment Act (Article 12.5 (commencing with Section
37 33459) of Chapter 4 of Part 1 of Division 24 of the Health and
38 Safety Code), and finance any action necessary to implement that
39 act.

1 (e) A district may finance any project that implements a
2 sustainable communities strategy prepared pursuant to Section
3 65080.

4 53399.4. (a) A city may form a district to finance a project or
5 projects on a former military base pursuant to the requirements set
6 forth in this chapter.

7 (b) A district formed under this section may finance a project
8 pursuant to this section or Section 53399.3 only if the project is
9 consistent with the authority reuse plan and is approved by the
10 military base reuse authority, if applicable.

11 (c) Notwithstanding Sections 53399.20, 53399.21, 53399.22,
12 53399.23, and 53399.44, the following actions shall not be subject
13 to voter approval in the case of a district formed under this section:

14 (1) The formation of the district, provided that, at the time of
15 approval of the formation of the district, all of the land within the
16 proposed district is owned by one or more public entities, military
17 base reuse authorities, or entities controlled by governmental
18 agencies.

19 (2) The authorization to issue debt and the issuance of debt by
20 a district formed under this section to finance facilities described
21 in the infrastructure financing plan, provided that, at the time of
22 approval of the formation of the district, all of the land within the
23 proposed district, or a designated project area within the district
24 on which the facilities to be financed with the bonds will be located
25 is owned by one or more public entities, military base reuse
26 authorities, or entities controlled by governmental agencies. The
27 bonds authorized by this paragraph may be issued in one or more
28 series upon the adoption by the district of the resolution described
29 in subdivision (b) of Section 53399.44.

30 53399.5. (a) A district may finance only the facilities or
31 services authorized in this chapter. The additional facilities or
32 services may not supplant facilities or services already available
33 within that territory when the district was created, except if those
34 facilities or services are essentially nonfunctional, obsolete,
35 hazardous, or in need of upgrading or rehabilitation. The additional
36 facilities or services may supplement those facilities and services
37 as needed to serve new developments.

38 (b) A district may include areas that are not contiguous. A
39 district may be divided into project areas, each of which may be
40 subject to distinct limitations established under this chapter. The

1 legislative body may, at any time, add territory to a district or
 2 amend the infrastructure financing plan for the district by
 3 conducting the same procedures for the formation of a district or
 4 approval of bonds, if applicable, as provided pursuant to this
 5 chapter.

6 ~~(e) Any district may finance any project or portion of a project~~
 7 ~~that is located in, or overlaps with, any redevelopment project area~~
 8 ~~or former redevelopment project area or former military base.~~

9 *(c) If a district's boundaries overlap with the boundaries of a*
 10 *former redevelopment agency, a participating city may allocate*
 11 *its share of net available revenue, as defined by subdivision (k) of*
 12 *Section 53399.1, from within the boundaries of the former*
 13 *redevelopment agency to the infrastructure financing district.*

14 *(d) A district shall not finance any project or portion of a project*
 15 *within the boundaries of a former redevelopment agency until the*
 16 *successor agency to the former redevelopment agency has received*
 17 *a finding of completion, as defined by Section 34179.7 of the Health*
 18 *and Safety Code, and has no pending litigation against the state*
 19 *related to Part 1.8 (commencing with Section 34161) or Part 1.85*
 20 *(commencing with Section 34170) of the Health and Safety Code.*

21 ~~(d)~~

22 *(e) Notwithstanding subdivision (c), any debt or obligation of*
 23 *a district shall be subordinate to an enforceable obligation of a*
 24 *former redevelopment agency, as defined in Section 34171 of the*
 25 *Health and Safety Code.*

26 ~~(e)~~

27 *(f) The legislative body of the city forming the district may*
 28 *choose to dedicate any portion of its net available revenue to the*
 29 *district through the financing plan described in Section 53399.14.*

30 *53399.6. It is the intent of the Legislature that the establishment*
 31 *of a district should not ordinarily lead to the removal of existing*
 32 *functional, habitable, and safe dwelling units. If, however, any*
 33 *dwelling units are proposed to be removed or destroyed in the*
 34 *course of private development or facilities construction within the*
 35 *area of the district, the legislative body shall do all of the following:*

36 *(a) Within four years of the removal or destruction, cause or*
 37 *require the construction or rehabilitation, for rental or sale to*
 38 *persons or families of low or moderate income, of an equal number*
 39 *of replacement dwelling units at affordable housing cost, as defined*
 40 *in Section 50052.5 of the Health and Safety Code, or affordable*

1 rent, as defined in Section 50053 of the Health and Safety Code,
2 within the territory of the district if the dwelling units removed
3 were inhabited by persons or families of low or moderate income,
4 as defined in Section 50093 of the Health and Safety Code.

5 (b) Within four years of the removal or destruction, cause or
6 require the construction or rehabilitation, for rental or sale to
7 persons of low or moderate income, a number of dwelling units
8 which is at least one unit but not less than 20 percent of the total
9 dwelling units removed at affordable housing cost, as defined in
10 Section 50052.5 of the Health and Safety Code, or affordable rent,
11 as defined in Section 50053 of the Health and Safety Code, within
12 the territory of the district if the dwelling units removed or
13 destroyed were not inhabited by persons of low or moderate
14 income, as defined in Section 50093 of the Health and Safety Code.

15 (c) In the case of dwelling units located on a former military
16 base that are destroyed or removed in connection with a base reuse
17 plan, replacement dwelling units required by subdivision (a) or
18 (b) may be located anywhere within the territory of the former
19 military base consistent with the base reuse plan, local general
20 plan, and infrastructure financing plan, as applicable.

21 (d) Provide relocation assistance and make all the payments
22 required by Chapter 16 (commencing with Section 7260) of
23 Division 7 of Title 1, to persons displaced by any public or private
24 development occurring within the territory of the district. This
25 displacement shall be deemed to be the result of public action.

26 (e) Ensure that removal or destruction of any dwelling units
27 occupied by persons or families of low or moderate income not
28 take place unless and until there are suitable housing units, at
29 comparable cost to the units from which the persons or families
30 were displaced, available and ready for occupancy by the residents
31 of the units at the time of their displacement. The housing units
32 shall be suitable to the needs of these displaced persons or families
33 and shall be decent, safe, sanitary, and otherwise standard
34 dwellings.

35 53399.7. Any action or proceeding to attack, review, set aside,
36 void, or annul the creation of a district, adoption of an infrastructure
37 financing plan, including a division of taxes thereunder, or an
38 election pursuant to this chapter shall be commenced within 30
39 days after the enactment of the ordinance creating the district
40 pursuant to Section 53399.23. Consistent with the time limitations

1 of this section, such an action or proceeding with respect to a
2 division of taxes under this chapter may be brought pursuant to
3 Chapter 9 (commencing with Section 860) of Title 10 of Part 2 of
4 the Code of Civil Procedure, except that Section 869 of the Code
5 of Civil Procedure shall not apply.

6 53399.8. An action to determine the validity of the issuance
7 of bonds pursuant to this chapter may be brought pursuant to
8 Chapter 9 (commencing with Section 860) of Title 10 of Part 2 of
9 the Code of Civil Procedure. However, notwithstanding the time
10 limits specified in Section 860 of the Code of Civil Procedure, the
11 action shall be commenced within 30 days after adoption of the
12 resolution pursuant to Section 53399.44 providing for issuance of
13 the bonds if the action is brought by an interested person pursuant
14 to Section 863 of the Code of Civil Procedure. Any appeal from
15 a judgment in that action or proceeding shall be commenced within
16 30 days after entry of judgment.

17
18 Article 2. Preparation and Adoption of Infrastructure and
19 Revitalization Financing District Plans
20

21 53399.10. A legislative body of a city may designate one or
22 more proposed infrastructure and revitalization financing districts
23 pursuant to this chapter. Proceedings for the establishment of a
24 district shall be instituted by the adoption of a resolution of
25 intention to establish the proposed district and shall do all of the
26 following:

27 (a) State that an infrastructure and revitalization financing
28 district is proposed to be established under the terms of this chapter
29 and describe the boundaries of the proposed district and any project
30 area proposed within the district, which may be accomplished by
31 reference to a map on file in the office of the clerk of the city.

32 (b) State the type of facilities proposed to be financed by the
33 district. The district may only finance facilities authorized by
34 Section 53399.3.

35 (c) State that incremental property tax revenue from the city
36 and some or all affected taxing entities within the district may be
37 used to finance these facilities.

38 (d) State that net available revenue from the city may be used
39 to finance these facilities and state the maximum portion of the

1 net available revenue to be committed to the district for each year
2 during which the district will receive these revenues.

3 (e) Fix a time and place for a public hearing on the proposal.

4 53399.11. The legislative body shall cause a copy of the
5 resolution of intention to create the district to be mailed to each
6 owner of land within the district.

7 53399.12. The legislative body shall cause a copy of the
8 resolution to be mailed to each affected taxing entity.

9 53399.13. After adopting the resolution pursuant to Section
10 53399.10, the legislative body shall designate and direct the city
11 engineer or other appropriate official to prepare an infrastructure
12 plan pursuant to Section 53399.14.

13 53399.14. After receipt of a copy of the resolution of intention
14 to establish a district, the official designated pursuant to Section
15 53399.13 shall prepare a proposed infrastructure financing plan.
16 The infrastructure financing plan shall be consistent with the
17 general plan of the city within which the district is located and
18 shall include all of the following:

19 (a) A map and legal description of the proposed district, which
20 may include all or a portion of the district designated by the
21 legislative body in its resolution of intention.

22 (b) A description of the facilities required to serve the
23 development proposed in the area of the district including those
24 to be provided by the private sector, those to be provided by
25 governmental entities without assistance under this chapter, those
26 improvements and facilities to be financed with assistance from
27 the proposed district, and those to be provided jointly. The
28 description shall include the proposed location, timing, and costs
29 of the improvements and facilities.

30 (c) A finding that the facilities are of communitywide
31 significance.

32 (d) A financing section, which shall contain all of the following
33 information:

34 (1) A specification of the maximum portion of the incremental
35 tax revenue of the city and of each affected taxing entity proposed
36 to be committed to the district for each year during which the
37 district will receive incremental tax revenue. The portion need not
38 be the same for all affected taxing entities. The portion may change
39 over time.

1 (2) A projection of the amount of tax revenues expected to be
2 received by the district in each year during which the district will
3 receive tax revenues, including an estimate of the amount of tax
4 revenues attributable to each affected taxing entity proposed to be
5 committed to the district for each year. If applicable, the plan shall
6 also include a specification of the maximum portion of the net
7 available revenue of the city proposed to be committed to the
8 district for each year during which the district will receive revenue.
9 The portion may vary over time.

10 (3) A plan for financing the facilities to be assisted by the
11 district, including a detailed description of any intention to incur
12 debt.

13 (4) A limit on the total number of dollars of taxes that may be
14 allocated to the district pursuant to the plan.

15 (5) A date on which the district shall cease to exist, by which
16 time all tax allocation, including any allocation of net available
17 revenue, to the district will end. The date shall not be more than
18 40 years from the date on which the ordinance forming the district
19 is adopted pursuant to Section 53399.23, or a later date, if specified
20 by the ordinance, on which the allocation of tax increment will
21 begin. The district may issue debt with a final maturity date of up
22 to 30 years from the date of issuance of each debt issue, subject
23 to the time limit on tax allocation to the district.

24 (6) An analysis of the costs to the city of providing facilities
25 and services to the area of the district while the area is being
26 developed and after the area is developed. The plan shall also
27 include an analysis of the tax, fee, charge, and other revenues
28 expected to be received by the city as a result of expected
29 development in the area of the district.

30 (7) An analysis of the projected fiscal impact of the district and
31 the associated development upon each affected taxing entity that
32 is proposed to participate in financing the district.

33 (8) A plan for financing any potential costs that may be incurred
34 by reimbursing a developer of a project that is both located entirely
35 within the boundaries of that district and qualifies for the Transit
36 Priority Project Program, pursuant to Section 65470, including
37 any permit and affordable housing expenses related to the project.

38 (e) If any dwelling units occupied by persons or families of low
39 or moderate income are proposed to be removed or destroyed in
40 the course of private development or facilities construction within

1 the area of the district, a plan providing for replacement of those
2 units and relocation of those persons or families consistent with
3 the requirements of Section 53399.6.

4 53399.15. The infrastructure financing plan shall be sent to
5 each owner of land within the proposed district and to each affected
6 taxing entity together with any report required by the California
7 Environmental Quality Act (Division 13 (commencing with Section
8 21000) of the Public Resources Code) that pertains to the proposed
9 facilities or the proposed development project for which the
10 facilities are needed, and shall be made available for public
11 inspection. The report shall also be sent to the planning commission
12 and the legislative body.

13 53399.16. The designated official shall consult with each
14 affected taxing entity, and, at the request of any affected taxing
15 entity, shall meet with representatives of an affected taxing entity.
16 Any affected taxing entity may suggest revisions to the plan.

17 53399.17. The legislative body shall conduct a public hearing
18 prior to adopting the proposed infrastructure financing plan. The
19 public hearing shall be called no sooner than 60 days after the plan
20 has been sent to each affected taxing entity. In addition to the
21 notice given to landowners and affected taxing entities pursuant
22 to Sections 53399.11 and 53399.12, notice of the public hearing
23 shall be given by publication not less than once a week for four
24 successive weeks in a newspaper of general circulation published
25 in the city in which the proposed district is located. The notice
26 shall state that the district will be used to finance public works,
27 briefly describe the public works, briefly describe the proposed
28 financial arrangements, including the proposed commitment of
29 incremental tax revenue, describe the boundaries of the proposed
30 district and state the day, hour, and place when and where any
31 persons having any objections to the proposed infrastructure
32 financing plan, or the regularity of any of the prior proceedings,
33 may appear before the legislative body and object to the adoption
34 of the proposed plan by the legislative body.

35 53399.18. At the hour set in the required notices, the legislative
36 body shall proceed to hear and pass upon all written and oral
37 objections. The hearing may be continued from time to time. The
38 legislative body shall consider the recommendations, if any, of
39 affected taxing entities, and all evidence and testimony for and
40 against the adoption of the plan. The legislative body may modify

1 the plan by eliminating or reducing the size and cost of proposed
2 public works, by reducing the amount of proposed debt, or by
3 reducing the portion, amount, or duration of incremental tax
4 revenues to be committed to the district.

5 53399.19. (a) The legislative body shall not enact a resolution
6 proposing formation of a district and providing for the division of
7 taxes of any affected taxing entity pursuant to Article 3
8 (commencing with Section 53399.30) unless a resolution approving
9 the plan has been adopted by the governing body of each affected
10 taxing entity which is proposed to be subject to division of taxes
11 pursuant to Article 3 (commencing with Section 53399.30) has
12 been filed with the legislative body at or prior to the time of the
13 hearing.

14 (b) In the case of an affected taxing entity that is a special district
15 that provides fire protection services and where the county board
16 of supervisors is the governing authority or has appointed itself as
17 the governing board of the district, the plan shall be adopted by a
18 separate resolution approved by the district's governing authority
19 or governing board.

20 (c) This section shall not be construed to prevent the legislative
21 body from amending its infrastructure financing plan and adopting
22 a resolution proposing formation of the infrastructure and
23 revitalization financing district without allocation of the tax
24 revenues of any affected taxing entity which has not approved the
25 infrastructure financing plan by resolution of the governing body
26 of the affected taxing entity.

27 53399.20. (a) At the conclusion of the hearing, the legislative
28 body may adopt a resolution proposing adoption of the
29 infrastructure financing plan, as modified, and formation of the
30 infrastructure and revitalization financing district in a manner
31 consistent with Section 53399.19, or it may abandon the
32 proceedings. If the legislative body adopts a resolution proposing
33 formation of the district, it shall then submit the proposal to create
34 the district to the qualified electors of the proposed district in the
35 next general election or in a special election to be held,
36 notwithstanding any other requirement, including any requirement
37 that elections be held on specified dates, contained in the Elections
38 Code, at least 90 days, but not more than 180 days, following the
39 adoption of the resolution of formation. The legislative body shall
40 provide the resolution of formation, a certified map of sufficient

1 scale and clarity to show the boundaries of the district, and a
2 sufficient description to allow the elections official to determine
3 the boundaries of the district to the official conducting the election
4 within three business days after the adoption of the resolution of
5 formation. The assessor's parcel numbers for the land within the
6 district shall be included if it is a landowner election or the district
7 does not conform to an existing district's boundaries and if
8 requested by the official conducting the election. If the election is
9 to be held less than 125 days following the adoption of the
10 resolution of formation, the concurrence of the elections official
11 conducting the election shall be required. However, any time limit
12 specified by this section or requirement pertaining to the conduct
13 of the election may be waived with the unanimous consent of the
14 qualified electors of the proposed district and the concurrence of
15 the elections official conducting the election.

16 (b) If at least 12 persons have been registered to vote within the
17 territory of the proposed district for each of the 90 days preceding
18 the close of the hearing, the vote shall be by the registered voters
19 of the proposed district, who need not necessarily be the same
20 persons, with each voter having one vote. Otherwise, the vote shall
21 be by the landowners of the proposed district and each landowner
22 who is the owner of record at the close of the protest hearing, or
23 the authorized representative thereof, shall have one vote for each
24 acre or portion of an acre of land that he or she owns within the
25 proposed district. The number of votes to be voted by a particular
26 landowner shall be specified on the ballot provided to that
27 landowner.

28 (c) Ballots for the special election authorized by subdivision (a)
29 may be distributed to qualified electors by mail with return postage
30 prepaid or by personal service by the elections official. The official
31 conducting the election may certify the proper mailing of ballots
32 by an affidavit, which shall be exclusive proof of mailing in the
33 absence of fraud. The voted ballots shall be returned to the elections
34 official conducting the election not later than the hour specified
35 in the resolution calling the election. However, if all the qualified
36 voters have voted, the election shall be closed.

37 53399.21. (a) Except as otherwise provided in this chapter,
38 the provisions of law regulating elections of the local agency that
39 calls an election pursuant to this chapter, insofar as they may be
40 applicable, shall govern all elections conducted pursuant to this

1 chapter. Except as provided in subdivision (b), there shall be
 2 prepared and included in the ballot material provided to each voter,
 3 an impartial analysis pursuant to Section 9160 or 9280 of the
 4 Elections Code, arguments and rebuttals, if any, pursuant to
 5 Sections 9162 to 9167, inclusive, and 9190 of the Elections Code
 6 or pursuant to Sections 9281 to 9287, inclusive, and 9295 of the
 7 Elections Code.

8 (b) If the vote is to be by the landowners of the proposed district,
 9 analysis and arguments may be waived with the unanimous consent
 10 of all the landowners and shall be so stated in the order for the
 11 election.

12 53399.22. (a) If the election is to be conducted by mail ballot,
 13 the elections official conducting the election shall provide ballots
 14 and election materials pursuant to subdivision (d) of Section 53326
 15 and Section 53327, together with all supplies and instructions
 16 necessary for the use and return of the ballot.

17 (b) The identification envelope for return of mail ballots used
 18 in landowner elections shall contain the following:

- 19 (1) The name of the landowner.
- 20 (2) The address of the landowner.
- 21 (3) A declaration, under penalty of perjury, stating that the voter
 22 is the owner of record or the authorized representative of the
 23 landowner entitled to vote and is the person whose name appears
 24 on the identification envelope.
- 25 (4) The printed name and signature of the voter.
- 26 (5) The address of the voter.
- 27 (6) The date of signing and place of execution of the declaration
 28 pursuant to paragraph (3).
- 29 (7) A notice that the envelope contains an official ballot and is
 30 to be opened only by the canvassing board.

31 53399.23. After the canvass of returns of any election pursuant
 32 to Section 53399.20, the legislative body may, by ordinance, adopt
 33 the infrastructure financing plan and create the district with full
 34 force and effect of law, if 55 percent of the votes upon the question
 35 of creating the district are in favor of creating the district.

36 53399.24. After the canvass of returns of any election
 37 conducted pursuant to Section 53399.20, the legislative body shall
 38 take no further action with respect to the proposed infrastructure
 39 and revitalization financing district for one year from the date of

1 the election if the question of creating the district fails to receive
2 approval of 55 percent of the votes cast upon the question.

3 53399.25. The legislative body may submit a proposition to
4 establish or change the appropriations limit, as defined by
5 subdivision (h) of Section 8 of Article XIII B of the California
6 Constitution, of a district to the qualified electors of a proposed
7 or established district. The proposition establishing or changing
8 the appropriations limit shall become effective if approved by the
9 qualified electors voting on the proposition and shall be adjusted
10 for changes in the cost of living and changes in populations, as
11 defined by subdivisions (b) and (c) of Section 7901, except that
12 the change in population may be estimated by the legislative body
13 in the absence of an estimate by the Department of Finance, and
14 in accordance with Section 1 of Article XIII B of the California
15 Constitution. For purposes of adjusting for changes in population,
16 the population of the district shall be deemed to be at least one
17 person during each calendar year. Any election held pursuant to
18 this section may be combined with any election held pursuant to
19 Section 53395.20 in any convenient manner.

20 53399.26. No later than June 30 of each year after the adoption
21 of an infrastructure financing plan, the legislative body shall post
22 an annual report in an easily identifiable and accessible location
23 on the legislative body's Internet Web site. The annual report shall
24 contain all of the following:

- 25 (a) A summary of the district's expenditures.
- 26 (b) A description of the progress made toward the district's
27 adopted goals.
- 28 (c) An assessment of the status regarding completion of the
29 district's projects.

30

31 Article 3. Division of Taxes

32

33 53399.30. Any infrastructure financing plan may contain a
34 provision that taxes, if any, levied upon taxable property in the
35 area included within the infrastructure and revitalization financing
36 district each year by or for the benefit of the State of California,
37 or any affected taxing entity after the effective date of the ordinance
38 adopted pursuant to Section 53399.23 to create the district, shall
39 be divided as follows:

1 (a) That portion of the taxes which would be produced by the
 2 rate upon which the tax is levied each year by or for each of the
 3 affected taxing entities upon the total sum of the assessed value
 4 of the taxable property in the district as shown upon the assessment
 5 roll used in connection with the taxation of the property by the
 6 affected taxing entity, last equalized prior to the effective date of
 7 the ordinance adopted pursuant to Section 53399.23 to create the
 8 district, shall be allocated to, and when collected shall be paid to,
 9 the respective affected taxing entities as taxes by or for the affected
 10 taxing entities on all other property are paid.

11 (b) That portion of the levied taxes each year specified in the
 12 adopted infrastructure financing plan for the city and each affected
 13 taxing entity which has agreed to participate pursuant to Section
 14 53399.19 in excess of the amount specified in subdivision (a) shall
 15 be allocated to, and when collected shall be paid into a special
 16 fund of, the district for all lawful purposes of the district. Unless
 17 and until the total assessed valuation of the taxable property in a
 18 district exceeds the total assessed value of the taxable property in
 19 the district as shown by the last equalized assessment roll referred
 20 to in subdivision (a), all of the taxes levied and collected upon the
 21 taxable property in the district shall be paid to the respective
 22 affected taxing entities. When the district ceases to exist pursuant
 23 to the adopted infrastructure financing plan, all moneys thereafter
 24 received from taxes upon the taxable property in the district shall
 25 be paid to the respective affected taxing entities as taxes on all
 26 other property are paid.

27 53399.31. All costs incurred by a county in connection with
 28 the division of taxes pursuant to Section 53399.30 for a district
 29 shall be paid by that district.

30

31 Article 4. Tax Increment Bonds

32

33 53399.40. The legislative body may, by majority vote, initiate
 34 proceedings to issue bonds pursuant to this chapter by adopting a
 35 resolution stating its intent to issue the bonds.

36 53399.41. The resolution adopted pursuant to Section 53399.40
 37 shall contain all of the following information:

38 (a) A description of the facilities to be financed with the
 39 proceeds of the proposed bond issue.

1 (b) The estimated cost of the facilities, the estimated cost of
2 preparing and issuing the bonds, and the principal amount of the
3 proposed bond issuance.

4 (c) The maximum interest rate and discount on the proposed
5 bond issuance.

6 (d) The date of the election on the proposed bond issuance and
7 the manner of holding the election.

8 (e) A determination of the amount of tax revenue available or
9 estimated to be available, for the payment of the principal of, and
10 interest on, the bonds.

11 (f) A finding that the amount necessary to pay the principal of,
12 and interest on, the proposed bond issuance will be less than, or
13 equal to, the amount determined pursuant to subdivision (e).

14 53399.42. The clerk of the legislative body shall publish the
15 resolution adopted pursuant to Section 53399.40 once a day for at
16 least seven successive days in a newspaper published in the city
17 or county at least six days a week, or at least once a week for two
18 successive weeks in a newspaper published in the city or county
19 less than six days a week.

20 If there are no newspapers meeting these criteria, the resolution
21 shall be posted in three public places within the territory of the
22 district for two succeeding weeks.

23 53399.43. The legislative body shall submit the proposal to
24 issue the bonds to the voters who reside within the district. The
25 election shall be conducted in the same manner as the election to
26 create the district pursuant to Section 53399.20 and the two
27 elections may be consolidated.

28 53399.44. (a) Except as provided in Section 53399.4, bonds
29 may be issued if 55 percent of the voters voting on the proposition
30 vote in favor of authorizing the issuance of the bonds.

31 (b) If the voters authorize the issuance of the bonds as provided
32 by subdivision (a), the legislative body may subsequently proceed
33 with the issuance of the bonds by adopting a resolution which shall
34 provide for all of the following:

- 35 (1) The issuance of the bonds in one or more series.
- 36 (2) The principal amount of the bonds, which shall be consistent
37 with the amount specified in subdivision (b) of Section 53399.41.
- 38 (3) The date the bonds will bear.
- 39 (4) The date of maturity of the bonds.
- 40 (5) The denomination of the bonds.

- 1 (6) The form of the bonds.
- 2 (7) The manner of execution of the bonds.
- 3 (8) The medium of payment in which the bonds are payable.
- 4 (9) The place or manner of payment and any requirements for
- 5 registration of the bonds.
- 6 (10) The terms of call or redemption, with or without premium.
- 7 53399.45. If any proposition submitted to the voters pursuant
- 8 to this chapter is defeated by the voters, the legislative body shall
- 9 not submit, or cause to be submitted, a similar proposition to the
- 10 voters for at least one year after the first election.
- 11 53399.46. The legislative body may, by majority vote, provide
- 12 for refunding of bonds issued pursuant to this chapter. However,
- 13 refunding bonds shall not be issued if the total net interest cost to
- 14 maturity on the refunding bonds plus the principal amount of the
- 15 refunding bonds exceeds the total net interest cost to maturity on
- 16 the bonds to be refunded. The legislative body may not extend the
- 17 time to maturity of the bonds.
- 18 53399.47. The legislative body or any person executing the
- 19 bonds shall not be personally liable on the bonds by reason of their
- 20 issuance. The bonds and other obligations of a district issued
- 21 pursuant to this chapter are not a debt of the city, county, or state
- 22 or of any of its political subdivisions, other than the district, and
- 23 none of those entities, other than the district, shall be liable on the
- 24 bonds and the bonds or obligations shall be payable exclusively
- 25 from funds or properties of the district. The bonds shall contain a
- 26 statement to this effect on their face. The bonds do not constitute
- 27 an indebtedness within the meaning of any constitutional or
- 28 statutory debt limitation.
- 29 53399.48. (a) The bonds may be sold at discount not to exceed
- 30 5 percent of par at a negotiated or public sale. At least five days
- 31 prior to a public sale, notice shall be published, pursuant to Section
- 32 6061, in a newspaper of general circulation and in a financial
- 33 newspaper published in the City and County of San Francisco and
- 34 in the City of Los Angeles. The bonds may be sold at not less than
- 35 par to the federal government at private sale without any public
- 36 advertisement.
- 37 (b) Any negotiated sale of bonds pursuant to this section shall
- 38 be limited to bond issuances of an infrastructure and revitalization
- 39 financing district that do not exceed five million dollars
- 40 (\$5,000,000).

1 53399.49. If any member of the legislative body whose
2 signature appears on bonds ceases to be a member of the legislative
3 body before delivery of the bonds, his or her signature is as
4 effective as if he or she had remained in office. Bonds issued
5 pursuant to this chapter are fully negotiable.

6 SEC. 2. Section 33459 of the Health and Safety Code is
7 amended to read:

8 33459. For purposes of this article, the following terms shall
9 have the following meanings:

10 (a) “Department” means the Department of Toxic Substances
11 Control.

12 (b) “Director” means the Director of Toxic Substances Control.

13 (c) “Hazardous substance” means any hazardous substance as
14 defined in subdivision (h) of Section 25281, and any reference to
15 hazardous substance in the definitions referenced in this section
16 shall be deemed to refer to hazardous substance, as defined in this
17 subdivision.

18 (d) “Local agency” means a single local agency that is one of
19 the following:

20 (1) A local agency authorized pursuant to Section 25283 to
21 implement Chapter 6.7 (commencing with Section 25280) of, and
22 Chapter 6.75 (commencing with Section 25299.10) of, Division
23 20.

24 (2) A local officer who is authorized pursuant to Section 101087
25 to supervise a remedial action.

26 (3) An infrastructure and revitalization financing district created
27 pursuant to Chapter 2.6 (commencing with Section 53369) or
28 Chapter 2.10 (commencing with Section 53399); of Part 1 of
29 Division 2 of Title 5 of the Government Code.

30 (e) “Qualified independent contractor” means an independent
31 contractor who is any of the following:

32 (1) An engineering geologist who is certified pursuant to Section
33 7842 of the Business and Professions Code.

34 (2) A geologist who is registered pursuant to Section 7850 of
35 the Business and Professions Code.

36 (3) A civil engineer who is registered pursuant to Section 6762
37 of the Business and Professions Code.

38 (f) “Release” means any release, as defined in Section 25320.

39 (g) “Remedy” or “remove” means any action to assess, evaluate,
40 investigate, monitor, remove, correct, clean up, or abate a release

1 of a hazardous substance or to develop plans for those actions.
2 “Remedy” includes any action set forth in Section 25322 and
3 “remove” includes any action set forth in Section 25323.

4 (h) “Responsible party” means any person described in
5 subdivision (a) of Section 25323.5 of this code or subdivision (a)
6 of Section 13304 of the Water Code.

7 *SEC. 2.5. Section 33459 of the Health and Safety Code is*
8 *amended to read:*

9 33459. For purposes of this article, the following terms shall
10 have the following meanings:

11 (a) “Agency” includes a former redevelopment agency as
12 defined in Section 33003 and a city, county, or city and county.

13 ~~(a)~~

14 (b) “Department” means the Department of Toxic Substances
15 Control.

16 ~~(b)~~

17 (c) “Director” means the Director of Toxic Substances Control.

18 ~~(c)~~

19 (d) “Hazardous substance” means any hazardous substance as
20 defined in subdivision (h) of Section 25281, and any reference to
21 hazardous substance in the definitions referenced in this section
22 shall be deemed to refer to hazardous substance, as defined in this
23 subdivision.

24 ~~(d)~~

25 (e) “Local agency” means a single local agency that is one of
26 the following:

27 (1) A local agency authorized pursuant to Section 25283 to
28 implement Chapter 6.7 (commencing with Section 25280) of, and
29 Chapter 6.75 (commencing with Section 25299.10) of, Division
30 20.

31 (2) A local officer who is authorized pursuant to Section 101087
32 to supervise a remedial action.

33 (3) *An infrastructure and revitalization financing district created*
34 *pursuant to Chapter 2.6 (commencing with Section 53369) or*
35 *Chapter 2.10 (commencing with Section 53399) of Part 1 of*
36 *Division 2 of Title 5 of the Government Code.*

37 ~~(e)~~

38 (f) “Qualified independent contractor” means an independent
39 contractor who is any of the following:

1 (1) An engineering geologist who is certified pursuant to
2 Section 7842 of the Business and Professions Code.

3 (2) A geologist who is registered pursuant to Section 7850 of
4 the Business and Professions Code.

5 (3) A civil engineer who is registered pursuant to Section 6762
6 of the Business and Professions Code.

7 ~~(f)~~

8 (g) “Release” means any release, as defined in Section 25320.

9 ~~(g)~~

10 (h) “Remedy” or “remove” means any action “to assess, evaluate,
11 investigate, monitor, remove, correct, clean up, or abate a release
12 of a hazardous substance or to develop plans for those actions.
13 “Remedy” includes any action set forth in Section 25322 and
14 “remove” includes any action set forth in Section 25323.

15 ~~(h)~~

16 (i) “Responsible party” means any person described in
17 subdivision (a) of Section 25323.5 of this code or subdivision (a)
18 of Section 13304 of the Water Code.

19 *SEC. 3. Section 2.5 of this bill incorporates amendments to*
20 *Section 33459 of the Health and Safety Code proposed by both*
21 *this bill and Senate Bill 470. It shall become operative only if (1)*
22 *both bills are enacted and become effective on or before January*
23 *1, 2014, (2) each bill amends Section 33459 of the Health and*
24 *Safety Code, and (3) this bill is enacted after Senate Bill 470, in*
25 *which case Section 2 of this bill shall not become operative.*