LOCAL AGENCY FORMATION COMMISSION
COUNTY OF SAN BERNARDINO

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DATE: **JUNE 14, 2010**

FROM: **KATHLEEN ROLLINGS-McDONALD, Executive Officer**

TO: **LOCAL AGENCY FORMATION COMMISSION**

SUBJECT: **AGENDA ITEM #9 – PENDING LEGISLATION**

RECOMMENDATION:

Staff recommends that the Commission take the following actions:

1. Ratify the action of the Commission Chairman in opposing AB 853 as amended on June 8, 2010;

2. Receive Legislative Report and file; and,

3. Provide direction to staff on any areas of interest in legislative matters.

BACKGROUND:

In June 2009, the Commission reviewed the then pending AB 853 by Assemblyman Arambula. At that time, the Commission sent a letter of opposition, unless amended, to the legislation based upon its affect upon Cities and Counties. The legislation is intended to address the annexation of disadvantaged communities which are in dire need of infrastructure upgrades and services. On June 8, 2010, LAFCO staff met with Chairman Mitzelfelt to review the amended language for AB 853 (Arambula) provided by CALAFCO on that date and staff's concerns. The amended language has shifted the responsibility for review and adoption of plans to address these types of annexations to LAFCO with no source of funding. The staff's concerns are summarized as:

1. The amended language of the bill is confusing and contradictory. An example is that in two different sections the bill outlines definitions for the types of communities to be affected and the definitions are not the same.

2. The provisions of this bill are unfunded mandates for each and every LAFCO. During this time of fiscal crises the last thing needed are additional unfunded mandates.

3. The legislation does not discuss its implications on Special Districts. Hard infrastructures, such as water and sewer facilities, are predominantly provided by special districts in the State and the exclusion of these agencies in the legislation is, in the staff's opinion, a fatal flaw in the process.

4. The bill requires the County Board of Supervisors to initiate the annexation process envisioned by the legislation. This places the financial burden on the County for the filing fees and indemnification obligations.

The Bill is scheduled for consideration by the Senate Local Government Committee on June 16th at 9:30 a.m.; therefore, a response from the Commission was required by Thursday, June 10. The attached letter from Chairman Mitzelfelt was forwarded to the author and the Senate Local Government. Staff has also included as an attachment to this report the amended language for AB 853 received on June 10 and the Senate Local Government Committee analysis of the legislation to be presented at the June 16 hearing. Staff is requesting that the Commission ratify the Chairman's action in sending the letter to oppose the legislation as written.

Staff has also included the updated listing of legislation of interest to LAFCOs as prepared by CALAFCO and the June 11, 2010 Legislative Committee Agenda package. On June 9th the Governor signed AB 711 providing for a loan to the Los Angeles LAFCO for the benefit of the East Los Angeles Incorporation committee, in the amount of $45,000, for payment of its fees for incorporation proceedings. This is the first loan to an incorporation committee since the adoption of the provision in 2001.

At this time, the actions requested of the Commission are to ratify the action of the Chairman in sending the letter of opposition to AB 853 and to note and file receipt of this report. If the Commission has a direction to provide on future legislation for discussion at the Coalition of California LAFCOs Summit on June 17 and 18, they can be provided at the hearing.

/KRM

Attachments:

1. June 8, 2010 Letter of Opposition to AB 853 and Background Material on Amendments from CALAFCO
2. LAFCO Legislative Update as of 6/10/10
3. CALAFCO Legislative Committee Meeting Agenda Package for June 11, 2010

June 8, 2010 Letter of Opposition to AB 853 and Background Material on Amendments from CALAFCO

Attachment 1

LOCAL AGENCY FORMATION COMMISSION

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

June 8, 2010

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Vacant
Clerk to the Commission

ANGELA M. SCHELL
Deputy Clerk to the Commission

REBECCA LOWERY
Deputy Clerk to the Commission

LEGAL COUNSEL

CLARK H. ALSOP

The Honorable Juan Arambula
California State Assembly
State Capitol
P.O. Box 942849
Sacramento, CA 94249-0031

SUBJECT: AB 853 – Letter of Opposition

Dear Assembly Member Arambula:

The Local Agency Formation Commission (LAFCO) for San Bernardino County wishes to express its opposition to the language of AB 853 as amended on June 7, 2010. The opposition is based upon the following:

- As amended, the language of the bill is confusing and contradictory. Examples of this position include, Section 56375.6(a) to be added provides for definitions of "unincorporated fringe community", "unincorporated island community" and "disadvantaged community" while 56435 to be added provides for different definitions of the same phrases.

- As amended, the bill will impose unfunded mandates upon the LAFCO in every county. It is the San Bernardino LAFCO position that those revenues would be put to better use in providing the needed services to these areas not in developing plans. Section 56435(d) to be added requires the Commission to adopt a "comprehensive plan" but no language is included identifying who is to prepare the study and/or fund it. As you are aware, the net operating costs of each LAFCO are apportioned to the governments sitting on the Commission and any additional cost will be borne by them. These types of unfunded mandates are untenable in this time of tremendous fiscal disruption for Cities, Counties and Special Districts.

- The legislation is essentially silent about the effect upon special districts. This position is based upon the changes to the statutes related to sphere of influence updates/amendments which appear to imply that it will only allow the action to a city (listed in the legislation as a municipality). However, in many cases the infrastructure desired is provided through a special district. Since Special Districts are a key player in the delivery of hard infrastructure services, such as water and sewer services, throughout the State, their omission is, in the San Bernardino LAFCO's opinion, a grave flaw in the process.

- Code Section 56375.6(b), as currently drafted, requires the Board of Supervisors to initiate the process which, according to the policies of San Bernardino LAFCO, would obligate them for all fees, indemnification requirements and preparation of the application. Yet another unfunded mandate. In addition, the language of this section does not reflect current LAFCO law since a Board of Supervisors would initiate such a change through the adoption of a resolution of application, not a petition.

We are also forwarding a copy of this letter in opposition to AB 853 as amended to Mr. Peter Detwiler, Consultant for the Senate Local Government Committee. Please contact Kathleen Rollings-McDonald, Executive Officer of San Bernardino LAFCO, at the address listed above or at (909) 383-9900, should you wish to discuss the Commission's position of opposition on this legislation as presently drafted.

Sincerely,

BRAD MITZELFELT
Chairman

cc: Peter Detwiler, Consultant, Senate Local Government Committee
William Chiat, Executive Director, CALAFCO
Lance Larson, Director, Legislative Affairs, San Bernardino County
San Bernardino County Legislators:
Senator George C. Runner
Senator Roy Ashburn
Senator Robert Huff
Senator Robert Dutton
Senator Gloria Negrete-McLeod
Assemblymember Jean Fuller
Assemblymember Connie Conway
Assemblymember Steve Knight
Assemblymember Anthony Adams
Assemblymember Norma Torres
Assemblymember Curt Hagman
Assemblymember Wilmer A. Carter
Assemblymember William J. Emmerson
Assemblymember Paul Cook

AMENDED IN SENATE JUNE 9, 2010
AMENDED IN ASSEMBLY MAY 18, 2009
AMENDED IN ASSEMBLY MAY 5, 2009
AMENDED IN ASSEMBLY APRIL 14, 2009

RECEIVED
JUN 10 2010
LAFCO
San Bernardino County

CALIFORNIA LEGISLATURE—2009–10 REGULAR SESSION

ASSEMBLY BILL No. 853

Introduced by Assembly Member Arambula

February 26, 2009

An act to *amend Section 56425 of, and to* add Sections 56375.6 and ~~56375.7 to~~ *56435 to,* the Government Code, relating to local government.

LEGISLATIVE COUNSEL'S DIGEST

AB 853, as amended, Arambula. Local government: organization.

~~The~~

(1) The Cortese-Knox-Hertzberg Act of 2000 governs the organization and reorganization of local governmental entities, including, among other things, the annexation of island territories to a city or county.

This bill would provide procedures for annexing unincorporated fringe communities and unincorporated island communities, as defined, to a city under specified circumstances~~, including provisions for a revenue neutrality agreement between the affected local government entities~~.

(2) The Cortese-Knox-Hertzberg Act of 2000 requires a local agency formation commission to develop and determine the sphere of influence of each local governmental agency within the county and to enact policies designed to promote the logical and orderly development of areas within the sphere, and requires the commission, in determining

the sphere of influence of each local agency, to consider and prepare a written statement of its determination with respect to the present and planned land uses in the area, the present and probable need for public facilities and services in the area, the present capacity of public facilities and adequacy of public services that the agency provides or is authorized to provide, and the existence of any social or economic communities of interest in the area, as specified.

This bill would also require the commission to adopt a comprehensive plan to address infrastructure deficiencies for unincorporated fringe communities, unincorporated island communities, and unincorporated legacy communities, as defined, and would require the commission to prepare a written statement of its determinations with respect to the existence of that comprehensive plan with regard to the commission's determination of spheres of influence, thereby imposing a state-mandated local program. The bill would also prohibit a commission from approving a change to a sphere of influence unless all relevant agencies are in compliance with the comprehensive plan.

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

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

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

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

SECTION 1. Section 56375.6 is added to the Government Code, to read:

56375.6. (a) As used in this section, the following terms have the following meanings:

(1) "Unincorporated fringe community" means any inhabited unincorporated territory that is within *1.5 miles of a city or within or adjacent to* a city's sphere of influence.

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

(3) "Disadvantaged community" means a community with an annual median household income that is less than 80 percent of the statewide annual median household income. Income evidence may be provided by a community household survey.

(b) The board of supervisors shall petition the commission in the board's county to approve the annexation to a city of any ~~island~~ *unincorporated island community* or *unincorporated* fringe community after notice and hearing if all of the following conditions exist:

(1) Twenty-five percent of the registered voters or landowners in the unincorporated fringe community or unincorporated island community file a petition with the board to initiate an annexation of that community to a municipality.

(2) The territory contained in the annexation petition constitutes an ~~island~~ *unincorporated island community* or constitutes an unincorporated fringe community that ~~lacks~~ *has infrastructure deficiencies, such as lacking* wastewater, drinking water services, storm drainage, paved streets, sidewalks, or streetlights, or there exists a serious infrastructure-related health hazard.

(3) The territory that is the subject of the annexation petition constitutes a disadvantaged community~~, as defined by Section 79505.5 of the Water Code~~. Income evidence may be provided by a community household survey.

~~(c) Notwithstanding any other provision of law, within 180 days of a petition being mailed pursuant to subdivision (b), a separate property tax transfer agreement shall be agreed to between the annexing city and the county pursuant to Section 99 of the Revenue and Taxation Code. If an agreement is not made within 180 days, a property tax transfer agreement shall be determined pursuant to Section 56375.7. That agreement shall not affect any existing master tax sharing agreement between the city and county.~~

~~(d) The commission shall approve, after notice and hearing, the annexation, and as needed, the change of organization or reorganization of a city, subject to subdivision (a) of Section 57080, unless the commission finds, based on the preponderance of evidence, that the change in reorganization will not result in a net benefit to the public health of the affected communities. The financial impact of the annexation shall not be a factor in this determination.~~

~~(e) Subject to the commission's approval of an annexation under this subdivision, no affected special district shall have the authority to terminate the annexation.~~

~~(f) Subject to the commission's approval of an annexation under this subdivision, the city shall amend its general plan to ensure that the annexation conforms with the municipality's general plan.~~

~~SEC. 2. Section 56375.7 is added to the Government Code, to read:~~

~~56375.7. (a) The commission shall determine a revenue neutrality agreement, including the amount of property tax revenue to be exchanged by the affected local agency pursuant to this section. The commission shall notify the county auditor of the proposal and the services that the annexing city will assume within the territory to be annexed and identify for the auditor the existing service providers within the area subject to the proposal.~~

~~(b) If the proposal would not transfer all of an affected agency's service responsibilities to the proposed city, the commission and the county auditor shall do all of the following:~~

~~(1) The county auditor shall determine the proportion that the amount of property tax revenue derived by each affected local agency pursuant to subdivision (b) of Section 93 of the Revenue and Taxation Code bears to the total amount of revenue from all sources, available for general purposes, received by each affected local agency in the prior fiscal year. For purposes of making this determination and the determination required by paragraph (3), "total amount of revenue from all sources available for general purposes" means the total amount of revenue which an affected local agency may use on a discretionary basis for any purpose and does not include any of the following:~~

~~(A) Revenue which, by statute, is required to be used for a specific purpose.~~

~~(B) Revenue from fees, charges, or assessments which are levied to specifically offset the cost of particular services and do not exceed the cost reasonably borne in providing these services.~~

~~(C) Revenue received from the federal government which is required to be used for a specific purpose.~~

~~(2) The commission shall determine, based on information submitted by each affected local agency, an amount equal to the total net cost to each affected local agency during the prior fiscal year of providing those services that the annexing city will assume~~

~~within the area subject to the proposal, including the cost of connecting residents to wastewater or drinking water services.~~

~~For purposes of this paragraph, "total net cost" means the total direct and indirect costs that were funded by general purpose revenues of the affected local agency and excludes any portion of the total cost that was funded by any revenues of that agency that are specified in subparagraphs (A), (B), and (C) of paragraph (1).~~

~~(3) The commission shall multiply the amount determined pursuant to paragraph (2) for each affected local agency by the corresponding proportion determined pursuant to paragraph (1) to derive the amount of property tax revenue used to provide services by each affected local agency during the prior fiscal year within the area subject to the proposal. The county auditor shall adjust the amount described in the previous sentence by the annual tax increment according to the procedures set forth in Chapter 6 (commencing with Section 95) of Part 0.5 of Division 1 of the Revenue and Taxation Code, to the fiscal year in which the new city or district receives its initial allocation of property taxes.~~

~~(4) For purposes of this subdivision, in any county in which, prior to the adoption of Article XIII A of the California Constitution, and continuing thereafter, a separate fund or funds were established consisting of revenues derived from the unincorporated area of the county and from which fund or funds services rendered in the unincorporated area have been paid, the amount of property tax revenues derived pursuant to paragraph (3), may, at the discretion of the commission, be transferred to the annexing city over a period not to exceed 12 fiscal years following the annexation. In determining whether the transfer of the amount of property tax revenues determined pursuant to paragraph (3) shall occur entirely within the fiscal year immediately following the annexation or shall be phased in over a period not to exceed 12 full fiscal years following the annexation, the commission shall consider each of the following:~~

~~(A) The total amount of revenue from all sources available to the annexing city.~~

~~(B) The fiscal impact of the proposed transfer on the transferring agency.~~

~~(C) Any other relevant facts which interested parties to the exchange may present to the commission in written form.~~

~~The decision of the commission shall be supported by written findings setting forth the basis for its decision.~~

~~(c) If the proposal would transfer all of an affected agency's service responsibilities to the annexing city, the commission shall request the auditor to determine the property tax revenue generated for the affected service providers by tax rate area, or portion thereof, and transmit that information to the commission.~~

~~(d) The executive officer shall notify the auditor of the amount determined pursuant to paragraph (3) of subdivision (b) or subdivision (c), as the case may be, and, where applicable, the period of time within which and the procedure by which the transfer of property tax revenues will be effected pursuant to paragraph (4) of subdivision (b), at the time the executive officer records a certificate of completion pursuant to Section 57203 for any proposal described in subdivision (a), and the auditor shall transfer that amount to the new jurisdiction.~~

~~(e) An action brought by a city or district to contest any determinations of the county auditor or the commission with regard to the amount of property tax revenue to be exchanged by the affected local agency pursuant to this section shall be commenced within three years of the effective date of the annexation.~~

SEC. 2. Section 56425 of the Government Code is amended to read:

56425. (a) In order to carry out its purposes and responsibilities for planning and shaping the logical and orderly development and coordination of local governmental agencies to advantageously provide for the present and future needs of the county and its communities, the commission shall develop and determine the sphere of influence of each local governmental agency within the county and enact policies designed to promote the logical and orderly development of areas within the sphere.

(b) Prior to a city submitting an application to the commission to update its sphere of influence, representatives from the city and representatives from the county shall meet to discuss the proposed new boundaries of the sphere and explore methods to reach agreement on development standards and planning and zoning requirements within the sphere to ensure that development within the sphere occurs in a manner that reflects the concerns of the affected city and is accomplished in a manner that promotes the logical and orderly development of areas within the sphere. If an

agreement is reached between the city and county, the city shall forward the agreement in writing to the commission, along with the application to update the sphere of influence. The commission shall consider and adopt a sphere of influence for the city consistent with the policies adopted by the commission pursuant to this section, and the commission shall give great weight to the agreement to the extent that it is consistent with commission policies in its final determination of the city sphere.

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

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

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

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

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

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

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

(5) The existence of a comprehensive plan adopted pursuant to Section 56435 and local agency compliance with that plan, if applicable.

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

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

(h) The commission may recommend governmental reorganizations to particular agencies in the county, using the spheres of influence as the basis for those recommendations. Those recommendations shall be made available, upon request, to other agencies or to the public. The commission shall make all reasonable efforts to ensure wide public dissemination of the recommendations.

(i) When adopting, amending, or updating a sphere of influence for a special district, the commission shall do all of the following:

(1) Require existing districts to file written statements with the commission specifying the functions or classes of services provided by those districts.

(2) Establish the nature, location, and extent of any functions or classes of services provided by existing districts.

(3) The commission shall not approve any change to a sphere of influence unless all relevant local agencies are in compliance with Section 56435.

SEC. 3. Section 56435 is added to the Government Code, to read:

56435. (a) As used in this section, the following terms have the following meanings:

(1) "Unincorporated fringe community" means any inhabited unincorporated territory that meets all of the following conditions:

(A) The community is within 1.5 miles of a city or within or adjacent to a city's sphere of influence.

(B) The community has infrastructure deficiencies, such as lacking wastewater, drinking water services, storm drainage, paved streets, or there exists a serious infrastructure-related health hazard.

(C) The community constitutes a disadvantaged community.

(2) "Disadvantaged community" means a community with an annual median household income that is less than 80 percent of the statewide annual median household income. Income evidence may be provided by a community household survey.

(3) "Unincorporated island community" means any inhabited unincorporated territory that meets all of the following conditions:

(A) The community is surrounded or substantially surrounded by one or more cities or by one or more cities and a county boundary or the Pacific Ocean.

(B) The community has infrastructure deficiencies, such as lacking wastewater, drinking water services, storm drainage, paved streets, or there exists a serious infrastructure-related health hazard.

(C) The community constitutes a disadvantaged community.

(4) "Unincorporated legacy community" means any inhabited unincorporated territory that meets all of the following conditions:

(A) The community is more than 1.5 miles from a city and not adjacent to a city's sphere of influence.

(B) The community has infrastructure deficiencies, such as lacking wastewater, drinking water services, storm drainage, paved streets, or there exists a serious infrastructure-related health hazard.

(C) The community constitutes a disadvantaged community.

(b) The commission shall adopt a comprehensive plan to address infrastructure deficiencies for unincorporated fringe communities, unincorporated island communities, and unincorporated legacy communities.

(1) The comprehensive plan must include a feasibility analysis that includes at least one of the following:

(A) Extension of municipal services.

(B) Annexation.

(C) Consolidation of agencies.

(D) Other actions within the commission's authority.

(2) The comprehensive plan shall include potential federal, state or local funding sources, including, but not limited to, community development block grants, redevelopment funds, the Clean Water State Revolving Fund, and the Safe Drinking Water Revolving Fund. For any single infrastructure category, the plan shall not include an assessment for capital costs levied on residents of a disadvantaged community that exceeds 1.5 percent of the median household income in that community.

(3) The comprehensive plan shall include a timeline for each action.

(4) The relevant local agencies shall be consulted by the commission and may provide guidance or comments prior to the adoption of the plan.

(5) The comprehensive plan may be developed using the process described in subdivisions (b) and (c) of Section 56425.

(c) The comprehensive plan shall be adopted concurrent with the commission's review pursuant to subdivision (g) of Section 56425, or prior to acting on any request pursuant to Section 56428, whichever occurs first.

(d) All local agencies identified in a comprehensive plan shall comply with the adopted actions and timelines of the commission. A local agency may present a challenge to the comprehensive plan, as it relates to that local agency, to the commission. The commission shall adopt a written response to that challenge within 90 days.

(e) The commission shall not approve an annexation to a city if that city is not in compliance with a comprehensive plan action related to a community that lacks wastewater or drinking water services constituting a serious public health hazard.

SEC. 4. No reimbursement is required by this act pursuant to Section 6 of Article XIII B of the California Constitution because a local agency or school district has the authority to levy service charges, fees, or assessments sufficient to pay for the program or level of service mandated by this act, within the meaning of Section 17556 of the Government Code.

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SENATE LOCAL GOVERNMENT COMMITTEE
Senator Dave Cox, Chair

BILL NO: AB 853
AUTHOR: Arambula
VERSION: 6/9/10

HEARING: 6/16/10
FISCAL: Yes
CONSULTANT: Detwiler

CITY ANNEXATIONS OF DISADVANTAGED COMMUNITIES

Existing Law

The Cortese-Knox-Hertzberg Act creates a local agency formation commission (LAFCO) in each county to control the boundaries of cities and most special districts. To plan for the future boundaries and service areas of each city and special district in its county, a LAFCO must adopt a policy document called a sphere of influence. Every five years, a LAFCO must, as needed, review and update those spheres. For each sphere of influence, the LAFCO must prepare written determinations regarding:

- Present and planned land uses.
- Present and probable need for public facilities and services.
- Present capacity of public facilities and adequacy of public services.
- Any relevant social and economic communities of interest.

When a LAFCO acts on a proposed boundary change, its decision must be consistent with the spheres of influence of the affected city or special district.

Boundary change procedures, such as city annexations, require four or possibly five steps:

- An application to the LAFCO, including environmental review.
- A public hearing for the LAFCO's review and approval.
- Another formal hearing to measure public protests.
- The possibility of an election, if there was significant protest.
- The ministerial filing of final documents.

The courts repeatedly refer to the LAFCOs as the Legislature's watchdog over boundary changes. When it comes to proposals for changing city and district boundaries, the LAFCOs generally have discretion to approve, approve with conditions, or disapprove applications. However, in certain situations, a LAFCO must approve boundary changes (e.g., city annexations of designated urban service areas, city-requested annexations of smaller unincorporated islands, and special districts' requests to consolidate) or disapprove other boundary changes (e.g., city incorporations if they fiscally harm counties or formations of new districts that lack enough revenue).

Background

The U.S. Census Bureau identifies a "census designated place" as the statistical counterpart of a city in that it is a named place with a concentration of residents, housing, and commercial activity, but located in a county's unincorporated territory. Of the 598 census designated places in California, 241 have household median incomes that are less than 80% of the statewide household median income. Some of these disadvantaged unincorporated communities are county islands (mostly surrounded by cities), some are fringe communities (at or near the edge of cities), and others are "legacy communities" (geographically isolated). More than 1 million people live in these island, fringe, and legacy communities.

Many disadvantaged communities lack public services and facilities like sanitary sewers, domestic water, storm drains, or paved streets. Some cities and special districts are reluctant to annex these areas because of the costs for improving public works and extending public services. Residents of disadvantaged unincorporated communities say they have a hard time even applying to a LAFCO because of the cost of the complex procedural steps that annexations require.

Proposed Law

I. Comprehensive plans. Assembly Bill 853 requires a local agency formation commission (LAFCO) to adopt a comprehensive plan to address the infrastructure deficiencies for unincorporated fringe communities, unincorporated island communities, and unincorporated legacy communities. AB 853 requires that LAFCO's comprehensive plan must include:

- A feasibility analysis for the extension of municipal services, annexation, consolidation, or other LAFCO actions.
- Sources of potential federal, state or local funding. For each infrastructure category the plan cannot include an assessment for capital costs levied on residents of a disadvantaged community that exceeds 1.5% of the community's household median income.
- Timelines for acting.

The bill requires the LAFCOs to adopt these comprehensive plans concurrently with regular reviews and revisions of the spheres of influence or before acting on any request to amend a sphere of influence, whichever comes first.

The LAFCO must consult with local agencies which may provide guidance and comments. In preparing the comprehensive plan, the LAFCO may use the existing statutory procedures for preparing a city's sphere of influence which involve consultation between the city and the county.

AB 853 requires that all of the agencies identified in the LAFCO's comprehensive plan comply with the adopted actions and timelines. The bill allows a local

agency to challenge a comprehensive plan and requires the LAFCO to adopt a written response to the challenge within 90 days.

AB 853 prohibits a LAFCO from approving an annexation to a city if that city is not in compliance with a comprehensive plan action relating to a community that lacks wastewater or drinking water services constituting a serious public health hazard.

For this requirement, AB 853 defines:

- An "unincorporated fringe community" as inhabited unincorporated territory that:
    - Is within 1.5 miles of a city or within or adjacent to a city's sphere of influence.
    - Has infrastructure deficiencies, including wastewater, drinking water, storm drainage, paved streets or if there is a serious infrastructure-related health hazard.
    - Is a disadvantaged community with an annual median income that is less than 80% of the county annual median household income.
- An "unincorporated island community" as inhabited unincorporated territory that:
    - Is surrounded or substantially surrounded by a city, cities, county boundaries, or the Pacific Ocean.
    - Has infrastructure deficiencies, including wastewater, drinking water, storm drainage, paved streets or if there is a serious infrastructure-related health hazard.
    - Is a disadvantaged community with an annual median income that is less than 80% of the county annual median household income.
- An "unincorporated legacy community" as inhabited unincorporated territory that:
    - Is more than 1.5 miles from a city and not adjacent to a city's sphere of influence.
    - Has infrastructure deficiencies, including wastewater, drinking water, storm drainage, paved streets or if there is a serious infrastructure-related health hazard.
    - Is a disadvantaged community with an annual median income that is less than 80% of the county annual median household income.

II. <u>Spheres of influence</u>. Assembly Bill 853 requires a LAFCO to review its spheres of influence every five years and update them, as necessary. When a local agency formation commission (LAFCO) prepares a sphere of influence, AB 853 requires the LAFCO to adopt written determinations regarding the existence of a comprehensive plan and the local agency's compliance with the comprehensive plan. The bill also prohibits a LAFCO from approving any change to a sphere of influence unless all of the relevant local agencies are in compliance with the comprehensive plan.

III. City annexations. Assembly Bill 853 requires a county board of supervisors to petition the local agency formation commission (LAFCO) for the annexation to a city of an unincorporated fringe community or an unincorporated island community if:

- 25% of the voters or landowners in the unincorporated fringe community or unincorporated island community file with the board a petition to initiate an annexation.
- The unincorporated fringe community or unincorporated island community has infrastructure deficiencies, including wastewater, drinking water, storm drainage, paved streets or if there is a serious infrastructure-related health hazard.
- The subject territory is a disadvantaged community.

For this requirement, AB 853 defines:

- An "unincorporated fringe community" as inhabited unincorporated territory that is within 1.5 miles of a city, or within or adjacent to the city's sphere of influence.
- An "unincorporated island community" as inhabited unincorporated territory that is surrounded or substantially surrounded by one or more cities, a county boundary, or the Pacific Ocean.
- A "disadvantaged community" as a community with an annual median household income that is less than 80% of the county annual median income.

Comments

1. The wrong side of the tracks. Disparities in public facilities and services are nothing new. For decades, some neighborhoods have enjoyed good schools, parks, libraries, street lights, and police protection, while other areas have endured rutted streets, low water pressure, inadequate sewers and storm drains, and no curbs or sidewalks. There are plenty of reasons for these differences, including fiscal limits and political realities. A coalition of advocates has compiled compelling information about these persistent patterns. They want legislators to change the rules for allocating public works funds, land use decisions, and annexations so that these disadvantaged unincorporated communities can remedy their past problems. AB 853 tackles that challenge by inserting these concerns into the LAFCOs' spheres of influence and city annexation decisions. The Legislature told LAFCOs nearly 40 years ago to adopt spheres of influence to guide their thinking about cities' future service areas and boundaries. After four decades, these unfair disparities still persist. By putting these conditions faced by disadvantaged communities squarely in front of the LAFCOs, the bill makes it harder for local officials to ignore the questions of social equity.

2. Scarce resources. The classic definition of politics is that it's the process by which a society allocates scarce resources. Without enough money to satisfy eve-

ry need, each community sorts out its priorities and spends its revenues accordingly. In a state that's geographically large, economically varied, and demographically diverse, it's no wonder that different communities make different choices about where to provide public services and facilities. The local elected officials who set policy for the 58 counties, 480 cities, and 3,400 special districts struggle with the question of "who gets what." When combined with the constitutional limits on raising new local revenues, the state's archaic revenue and taxation laws result in the fiscalization of land use. Hemmed in by these fiscal realities, local officials often chase land uses that generate more revenue while shunning low revenue neighborhoods that need expensive public works. Before legislators tell the cities and LAFCOs what to do about disadvantaged communities, they need to straighten out the state-local fiscal relationship.

3. Find the focus. Attempting to help disadvantaged communities get better public facilities and services, AB 853 changes the contents of the LAFCOs' spheres of influence, changes the procedures for reviewing, adopting, and amending spheres of influence, and requires county supervisors to apply for certain city annexations. Instead of a bill that scatters attention across the spectrum of the LAFCOs' activity, the Committee may wish to consider focusing legislative attention on some key items that will produce a strong initial effect. For example, the Committee may wish to consider amending AB 853 to avoid the elaborate require the LAFCOs to identify disadvantaged communities with infrastructure deficiencies as part of their regular municipal service reviews. That simpler requirement would substitute for the bill's new mandate for complex comprehensive plans. The Committee may also wish to consider requiring the LAFCOs to identify disadvantaged communities when they adopt and amend the spheres of influence of cities and special districts that provide basic infrastructure: domestic water, sanitary sewers, and structural fire protection. Finally, the Committee may wish to spell out the deadlines for county governments to apply for city annexations when asked by disadvantaged communities' residents.

4. Vegetables first, then dessert. It's almost always easier for cities to annex and approve construction on undeveloped land than it is to tackle the problems of inhabited neighborhoods, especially if they lack adequate public works. In some counties, boundary maps show scores of unincorporated islands and skipped over neighborhoods. Cities, counties, and LAFCOs have successfully collaborated to accelerate the annexation of county islands --- Orange, San Bernardino, San Mateo, Santa Clara, and Ventura counties stand out. State law helps by requiring the LAFCOs to approve city-requested island annexations. The Fresno, Kern, and Ventura LAFCOs firmly tell cities that they have to take over county islands before they can annex more fringe property. AB 853 adapts that approach by prohibiting a LAFCO from approving an annexation if that city hasn't complied with a comprehensive plan action for poor neighborhoods that have public health problems with sewers or water. The bill takes the existing island

annexation precedent and flips it to benefit disadvantaged communities that need cities' help.

5. Noble motives, unpredictable consequences. Turning ignored communities into strong neighborhoods is AB 853's worthy goal. The bill relies on the existing tools of LAFCOs and boundary changes to focus attention on the 1 million Californians who live in the underserved island, fringe, and legacy communities. But state legislators and local officials should be wary of the rush to extend growth-inducing public facilities and growth-supporting public services into remote rural areas. Installing sewers and expanding water supplies will improve the public health, but their very existence may also accelerate land speculation and urban sprawl. It's one thing to clean-up a distressed island of poverty surrounded by a city, but it's quite another problem if helping a remote "legacy community" becomes a speculator's excuse to justify leapfrog development. The Committee may wish to consider scaling back AB 853 so that the bill focuses attention on the problems facing county islands and fringe communities.

6. Dodging districts? Not every city provides the full range of municipal services; many rely on special districts to provide sewer, water, and drainage facilities and services. AB 853's requirement for the LAFCOs to prepare comprehensive plans for disadvantaged communities applies to both cities and special districts. However, the bill's implementation requirements apply only to cities and not special districts. AB 853 prohibits a LAFCO from approving a city annexation if the city is not in compliance with a comprehensive plan action for a disadvantaged community that faces public health hazards because of poor wastewater or drinking water services. Why not districts? When disadvantaged communities ask for help, AB 853 requires county supervisors to apply for city annexations. Why not districts? The Committee may wish to consider why the bill targets the 480 cities, but not the 3,400 special districts.

7. Watch your language. AB 853 introduces the terms "unincorporated fringe community," "unincorporated island community," and "unincorporated legacy community" to the LAFCOs' vocabulary. These new terms and their definitions will frame future decisions. For that reason, legislators should be sure that these words have the right meanings. A "unincorporated fringe community" must be within 1½ miles of the city limits or within or adjacent to a city's sphere of influence. There is no rational basis for setting an arbitrary 1½ mile standard. There could be a significant gap of active farmland between a city's limits and an aging mobilehome park. Instead of putting arbitrary distances into the statute, the Committee may wish to consider defining a fringe community as a settled place within a city's sphere of influence. Conversely, an "unincorporated legacy community" must be more than 1½ miles beyond city limits and not in a city's sphere of influence. Legislators should be wary of the rush to extend growth-inducing public facilities into remote rural areas. Installing sewers and expanding water supplies will improve the public health, but their very existence may also accelerate land speculation and urban sprawl. It's one thing to clean-up a pocket of

poverty surrounded by existing development, but it's quite another problem if helping a remote "unincorporated legacy community" becomes a speculator's excuse to justify leapfrog development. The Committee may wish to consider scaling back AB 853 so that the bill focuses attention on the island and fringe communities.

8. Missed the point. AB 853 attempts to prohibit the LAFCOs' comprehensive plans from relying too heavily on benefit assessments to pay for needed public works. For each infrastructure category, a comprehensive plan cannot include an assessment for capital costs levied on residents if the assessment exceeds 1.5% of the disadvantaged community's median household income. This standard won't work for two reasons. First, property owners, not residents, pay for benefit assessments. Because residents don't pay benefit assessments, the bill's standard never applies. Second, the bill doesn't refer to the annual payments, but instead refers to "an assessment for capital costs." A benefit assessment to rebuild a neighborhood's storm drains may cost hundreds of thousands of dollars, but when spread over 30 years, the annual payments may be more modest.

9. Two related bills. In 2008, the Committee passed SB 194 (Florez) to raise the questions of disadvantaged communities' needs in local general plans, Proposition 84 funding, air pollution control grants, federal Community Development Block Grant funds, and wastewater project funds. Although the Senate passed a truncated version of that bill in January, the Assembly Rules Committee has yet to refer SB 194 to a policy committee for hearing. In April, the Committee passed SB 1174 (Wolk) to require cities and counties to plan for disadvantaged communities in their general plans. The Senate sent that bill to the Assembly earlier this month. AB 853 raises similar policy concerns, but within the context of LAFCOs and boundary laws.

10. Back to Rules. When the Senate Rules Committee referred AB 853 last year, it said that the bill must come back to the Senate Rules Committee for further consideration if it passed the Senate Local Government Committee.

Assembly Actions

Assembly Local Government Committee:	5-2
Assembly Floor:	47-30

Support and Opposition (6/10/10)

Support: California Rural Legal Assistance Foundation, PolicyLink.

Opposition: American Planning Association-California Chapter, California Association of Local Agency Formation Commissions, California Special Districts Association, California State Association of Counties, League of California Cities, City of Lynwood, Counties of Los Angeles and Sacramento, San Bernardino LAFCO, San Diego LAFCO.

Jun 09, 2010
SEN - LOCAL GOVERNMENT
COX, Chair 9:30 a.m. - Room 112

AB 419 **(Caballero D) Local government: change of organization or reorganization: elections.**
Calendar: 6/9/2010 9:30 a.m. - Room 112 SENATE LOCAL GOVERNMENT, COX, Chair

AB 2795 **(Committee on Local Government) Local government: organization.**
Calendar: 6/9/2010 9:30 a.m. - Room 112 SENATE LOCAL GOVERNMENT, COX, Chair

Jun 14, 2010
SEN - ASSEMBLY BILLS-THIRD READING FILE

#42 **AB 1668** **(Knight R) Local government: city councils.**
Calendar: 6/14/2010 #42 SENATE ASSEMBLY BILLS-THIRD READING FILE

#47 **AB 155** **(Mendoza D) Local government: bankruptcy proceedings.**
Calendar: 6/14/2010 #47 SENATE ASSEMBLY BILLS-THIRD READING FILE

Jun 16, 2010
ASM - LOCAL GOVERNMENT
SMYTH, Chair 1:30 p.m. - State Capitol, Room 447

SB 1023 **(Wiggins D) Special districts: consolidation and reorganization.**
Calendar: 6/16/2010 1:30 p.m. - State Capitol, Room 447 ASSEMBLY LOCAL GOVERNMENT, SMYTH, Chair

Jun 16, 2010
SEN - LOCAL GOVERNMENT
COX, Chair 9:30 a.m. - Room 112

AB 853 **(Arambula I) Local government: organization.**
Calendar: 6/16/2010 9:30 a.m. - Room 112 SENATE LOCAL GOVERNMENT, COX, Chair

Jun 30, 2010
ASM - LOCAL GOVERNMENT
SMYTH, Chair 1:30 p.m. - State Capitol, Room 447

SB 894 **(Committee on Local Government) Local Government Omnibus Act of 2010.**
Calendar: 6/30/2010 1:30 p.m. - State Capitol, Room 447 ASSEMBLY LOCAL GOVERNMENT, SMYTH, Chair

Total Measures: 7
Total Tracking Forms: 7

6/4/2010 3:43:52 PM

LAFCO Legislative Update as of 6/10/10

Attachment 2

CALAFCO Daily Legislative Report
as of 6/14/2010
1

AB 419 **(Caballero D) Local government: change of organization or reorganization: elections.**
Current Text: Amended: 5/17/2010 pdf html
Introduced: 2/23/2009
Last Amended: 5/17/2010
Status: 6/10/2010-Read second time. To Consent Calendar.

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

Calendar:
6/14/2010 #68 SENATE CONSENT CALENDAR-FIRST LEGISLATIVE DAY
Summary:
Would beginning January 1, 2011, require the board of supervisors or the city council to take action, to order and place the item on the ballot, within 45 days of notification by the local agency formation commission, and would require the elections official to place the item on the ballot at the next regular election if the board of supervisors or the city council fails to take action within 45 days of the notification. This bill would also make conforming changes.
Attachments:
CALAFCO Support Letter

Position: Support
Subject: CKH General Procedures
CALAFCO Comments: This bill was a gut-and-amend to specify that a Board or Council has 45 days to place an item on the next general election ballot when requested by a LAFCo. Current law does not specify the number of days nor state what happens if the item is not placed on the ballot. If the Board or Council does not act within 45 days it requires the election official to place the item on the next General Election ballot. Adds a requirement that LAFCo must notify the election official as well as the Board or Council of an item to be placed on the ballot. It provides clarity to the process.

AB 853 **(Arambula I) Local government: organization.**
Current Text: Amended: 6/9/2010 pdf html
Introduced: 2/26/2009
Last Amended: 6/9/2010
Status: 6/9/2010-From committee chair, with author's amendments: Amend, and re-refer to committee. Read second time, amended, and re-referred to Com. on L. GOV.

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

Calendar:
6/16/2010 9:30 a.m. - Room 112 SENATE LOCAL GOVERNMENT, COX, Chair
Summary:
Would provide procedures for annexing unincorporated fringe communities and unincorporated island communities, as defined, to a city under specified circumstances . This bill contains other related provisions and other existing laws.
Attachments:
CALAFCO Letter of Concern
Letter of Opposition
CALAFCO Analysis of Concerns with Amended Bill

Position: Oppose
Subject: Annexation Proceedings, Service Reviews/Spheres, Environmental Justice, Municipal Services
CALAFCO Comments: This bill provides a mechanism for residents to petition to a Board of Supervisors to be annexed to a city of they are within 1.5 miles of a boundary or within or adjacent to an existing city SOI. It requires the Board to send a resolution to LAFCo for the annexation and requires LAFCo to approve the annexation. The bill has been amended to require LAFCos to prepare comprehensive service delivery plans for disadvantaged islands, fringe and legacy communities, including funding sources and implementation timeframes. Prohibits a LAFCo from approving a sphere update or change until the plans are complete and the local agency has demonstrated compliance with the comprehensive plans. Does not

provide any additional resources, funding, tools or authority for LAFCo to complete these requirements. Nor does it provide a vehicle for any actual infrastructure or service improvements.

AB 1668 **(Knight R) Local government: city councils.**
Current Text: Amended: 5/24/2010 pdf html
Introduced: 1/20/2010
Last Amended: 5/24/2010
Status: 5/25/2010-Read second time. To third reading.

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

Calendar:
6/14/2010 #56 SENATE ASSEMBLY BILLS-THIRD READING FILE
Summary:
Would require the city council to, within 60 days of a vacancy in an elective office, fill that vacancy by appointment or call a special election to fill the vacancy, as specified. This bill contains other related provisions and other existing laws.
Attachments:
CALAFCO Support Letter

Position: Support
Subject: Incorporation Proceedings
CALAFCO Comments: This bill is nearly identical to AB 18 introduced by Assembly Member Knight in 2009. In addition to specifying the number of days a city council has to fill a vacancy, it clarifies the number of seats up for election at the first election following incorporation. CALAFCO supported AB 18. That bill was vetoed by the Governor because he felt current law was adequate on number of days to fill a vacancy. His veto was silent on number of seats at the first election. CALAFCO has also included the seats up for election as an Assembly Omnibus Bill item.

AB 1668 has been amended several times to make in consistent with both the Assembly and Senate Local Government committees omnibus bills. The author has been in discussions with the Governor's office to help insure a signature should it pass. If both AB 1668 and AB 2795 (Assembly Omnibus Bill) pass, their language will be subject to double-jointing by Legislative Counsel.

AB 1859 **(Norby R) Local government: change of organization or reorganization.**
Current Text: Amended: 4/8/2010 pdf html
Introduced: 2/12/2010
Last Amended: 4/8/2010
Status: 4/23/2010-Failed Deadline pursuant to Rule 61(b)(5). (Last location was L. GOV. on 4/21/2010)

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

Summary:
Would include within a local agency formation commission' s powers the power to approve, disapprove, or approve conditionally, a request by a redevelopment agency to establish, extend, or expand a project area. The bill would include within the definition of "change of organization" a proposal to establish, extend, or expand a project area, and would define the term "project area." By expanding a local agency formation commission's duties, this bill would impose a state-mandated local program. This bill contains other related provisions and other existing laws.

Position: Watch
Subject: Annexation Proceedings
CALAFCO Comments: This bill would have placed Redevelopment Agency Project Areas under CALAFCO review. It added to LAFCo the power to review and approven deny or conditionally approve a new project area or the expansion of an existing project area. It died in Committee.

AB 2795 **(Committee on Local Government) Local government: organization.**
Current Text: Amended: 5/27/2010 pdf html
Introduced: 3/24/2010

Last Amended: 5/27/2010
Status: 6/10/2010-Read second time. To Consent Calendar.

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

Calendar:
6/14/2010 #72 SENATE CONSENT CALENDAR-FIRST LEGISLATIVE DAY
Summary:
Would define "divestiture of power" as used in the act and would make additional changes to clarify and maintain the consistency of the act. This bill contains other related provisions and other existing laws.
Attachments:
CALAFCO Support Letter
CALAFCO Support Letter for Senate

Position: Sponsor
Subject: CKH General Procedures
CALAFCO Comments: This is the Assembly Local Government Committee Omnibus bill. The bill is prepared and sponsored by CALAFCO and makes technical, non-significant changes to C-K-H.

SB 194 (Florez D) Community Equity Investment Act of 2010.
Current Text: Amended: 1/7/2010 pdf html
Introduced: 2/23/2009
Last Amended: 1/7/2010
Status: 6/10/2010-To Com. on H. & C.D.

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

Calendar:
6/30/2010 9 a.m. - State Capitol, Room 126 ASSEMBLY HOUSING AND COMMUNITY DEVELOPMENT, TORRES, Chair
Summary:
Would enact the Community Equity Investment Act of 2010. The bill would make legislative findings and declarations relating to disadvantaged, unincorporated communities. The bill would specify how funds received pursuant to the federal State Community Development Block Grant Program are expended at the local government level.
Attachments:
CALAFCO Letter of Interest

Position: Watch
Subject: Municipal Services, Planning
CALAFCO Comments: This bill is intended to provide municipal services and infrastructure investment to disadvantaged unincorporated communities. Its intent, in part, is to address the role of regional agencies in addressing infrastructure deficits through changes to state agency funding programs with the intent to improve infrastructure in unincorporated communities. Language in this bill is tied to AB 853 which provides mechanisms for LAFCo to annex these communities to existing cities.

SB 894 (Committee on Local Government) Local Government Omnibus Act of 2010.
Current Text: Amended: 6/7/2010 pdf html
Introduced: 1/25/2010
Last Amended: 6/7/2010
Status: 6/1/2010-From committee with author's amendments. Read second time. Amended. Re-referred to Com. on L. GOV.

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

Calendar:
6/30/2010 1:30 p.m. - State Capitol, Room 447 ASSEMBLY LOCAL GOVERNMENT, SMYTH, Chair
Summary:
Would repeal this requirement. This bill contains other related provisions and other existing laws.
Attachments:

CALAFCO Support Letter

Position: Support
Subject: Annexation Proceedings, CKH General Procedures
CALAFCO Comments: This is the Senate Local Government Committee Omnibus Bill. It contains two items related to LAFCo: 1) clarifies the statute of limitations for challenges to a LAFCo city boundary change and eliminates an antiquated conflicting section; and 2) cleans up language in various local government laws to clarify that judges can resolve land use and environmental lawsuits through mediation before it goes to trial.

AB 155 (Mendoza D) Local government: bankruptcy proceedings.
Current Text: Amended: 6/1/2010 pdf html
Introduced: 1/26/2009
Last Amended: 6/1/2010
Status: 6/1/2010-Read second time and amended. Ordered to third reading.

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

Calendar:
6/14/2010 #61 SENATE ASSEMBLY BILLS-THIRD READING FILE
Summary:
Would provide that a local public entity may only file under federal bankruptcy law with the approval of the California Debt and Investment Advisory Commission, except as specified.

Position: None at this time
Subject: Financial Viability of Agencies
CALAFCO Comments:

AB 711 (Calderon, Charles D) Local agency formation commissions: cost of incorporation proceedings.
Current Text: Chaptered: 6/7/2010 pdf html
Introduced: 2/26/2009
Last Amended: 4/22/2010
Status: 6/7/2010-Chaptered by the Secretary of State, Chapter Number 25, Statutes of 2010

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

Summary:
Would transfer $45,000 from the Environmental Enhancement and Mitigation Program Fund to the General Fund, and appropriate that amount from the General Fund to the Controller for allocation to the Los Angeles County Local Agency Formation Commission for a loan to the East Los Angeles Residents Association, as specified. The bill would make findings and declarations regarding the need for a special statute. This bill contains other related provisions.

Position: Watch
Subject: Incorporation Proceedings
CALAFCO Comments: This would be the first time legislation has been introduced to provide funds for the State Controller to allocate to fund incorporation studies as provided in CKH. The legislation is specific that the process must be consistent with CKH law.

SB 211 (Simitian D) Park district formation: County of Santa Cruz.
Current Text: Amended: 9/4/2009 pdf html
Introduced: 2/23/2009
Last Amended: 9/4/2009
Status: 9/8/2009-Placed on inactive file on request of Assembly Member Torrico.

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

Summary:
in addition, would authorize the formation of a district in the County of Santa Cruz, except as specified, if the exterior boundaries of the proposed district are coterminous with the exterior boundaries of the county and are initiated by a specified resolution of the county board of supervisors, after a hearing noticed in accordance with specified procedures, in lieu of the

petition and related proceedings required under the above provisions. This bill contains other related provisions and other existing laws.
Attachments:
CALAFCO Letter of Opposition

Position: Oppose unless amended
Subject: Special District Principle Acts
CALAFCO Comments: Allows Santa Cruz Board of Supervisors to create a regional open space district outside of LAFCo process. Does not provide a funding source for the district, leaving it to a future vote of the residents.

SB 896 (Cox R) Local government: organization.
Current Text: Introduced: 1/25/2010 pdf html
Introduced: 1/25/2010
Status: 6/4/2010-Failed Deadline pursuant to Rule 61(b)(11). (Last location was RLS. on 2/4/2010)

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

Summary:
Existing law, the Cortese-Knox-Hertzberg Local Government Reorganization Act of 2000 defines various terms for purposes of the act, including, among others, "affected city." This bill would make a technical, nonsubstantive change to this definition.

Position: Watch
Subject:
CALAFCO Comments: This appears to be a placeholder bill.

SB 1023 (Wiggins D) Special districts: consolidation and reorganization.
Current Text: Amended: 4/27/2010 pdf html
Introduced: 2/11/2010
Last Amended: 4/27/2010
Status: 5/28/2010-To Com. on L. GOV.

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

Calendar:
6/16/2010 1:30 p.m. - State Capitol, Room 447 ASSEMBLY LOCAL GOVERNMENT, SMYTH, Chair
Summary:
Would until January 1, 2018, authorize the local agency formation commission to approve or conditionally approve an expedited reorganization of specified districts into a community services district, with the same powers, duties, responsibilities, obligations, liabilities, and jurisdiction of the district proposed to be dissolved, unless the governing body of the district proposed to be dissolved files a resolution of objection with the commission, as specified. This bill contains other related provisions and other existing laws.
Attachments:
CALAFCO Support Letter

Position: Support
Subject: Special District Consolidations
CALAFCO Comments: This bill provides an expedited process for the conversion of Resort Improvement Districts and select Municipal Improvement Districts to Community Service Districts. CALAFCO and the affected LAFCos and districts have been consulted on this legislation.

SB 1174 (Wolk D) Land use: general plan: disadvantaged unincorporated communities.
Current Text: Amended: 4/29/2010 pdf html
Introduced: 2/18/2010
Last Amended: 4/29/2010
Status: 6/10/2010-To Com. on L. GOV.

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

Calendar:

6/30/2010 1:30 p.m. - State Capitol, Room 447 ASSEMBLY LOCAL GOVERNMENT, SMYTH, Chair

Summary:
Would require, prior to January 1, 2013, and thereafter upon each revision of its housing element, a city or county to review and update one or more elements of its general plan, as necessary to address the presence of island, fringe, or legacy unincorporated communities, as defined, inside or near its boundaries, and would require the updated general plan to include specified information. This bill would also require the city or county to make a diligent effort to involve all members of the public in preparing the review and update of the general plan. By adding to the duties of city and county officials, this bill would impose a state-mandated local program. This bill contains other related provisions and other existing laws.

Position: Watch
Subject: Annexation Proceedings, Service Reviews/Spheres, Growth Management, Environmental Justice, Planning
CALAFCO Comments: The bill has been amended to reflect consistent definitions with CKH. The League of Cities, CSAC, RCRC and others are very concerned that this adds a significant cost to local agencies by requiring extensive studies of unincorporated communities with no funding sources. Many argue that this will add significant costs with no benefits to the affected communities. Some have asked whether LAFCo MSRs and Sphere studies might suffice. CALAFCO is concerned whether that would add a cost or unanticipated expectation to LAFCo studies. We continue to watch this bill and work with stakeholders.

SB 1232 **(Romero D) Municipal incorporation: Los Angeles Local Agency Formation Commission.**
Current Text: Amended: 4/13/2010 pdf html
Introduced: 2/19/2010
Last Amended: 4/13/2010
Status: 5/7/2010-Failed Deadline pursuant to Rule 61(b)(6). (Last location was L. GOV. on 4/15/2010)

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

Summary:
Would require the East Los Angeles Residents Association, by October 29, 2010, to deposit any funds required by the Los Angeles County Local Agency Commission to complete a comprehensive fiscal analysis as a condition to continuation of the current petition for a change of organization. The bill would also require any signatures that were submitted with the petition to continue to be considered valid through October 29, 2010, and after that date if the petition proceeds and is accepted for filing. This bill contains other related provisions.

Position: None at this time
Subject: Incorporation Proceedings
CALAFCO Comments:

AB 300 **(Caballero D) Subdivisions: water supply.**
Current Text: Amended: 6/30/2009 pdf html
Introduced: 2/17/2009
Last Amended: 6/30/2009
Status: 7/7/2009-In committee: Set, first hearing. Testimony taken. Further hearing to be set.

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

Summary:
Would require, until January 1, 2017, the public water system, or the local agency if there is no public water system, to review, verify for accuracy, and approve, as specified, the subdivider's water savings projections attributable to voluntary demand management measures, as defined. The public water system would be authorized to collect fees necessary to provide the additional analysis of the voluntary demand management measures. This bill would provide that a water supply assessment completed, as specified, satisfies the existing requirement of verifying sufficient water supply, unless the public water system receives specified new information . The public water system would be required to determine the projected water savings attributable to the voluntary demand management measures that will be incorporated into the subdivision. The projected water savings would be required to be calculated using specified data compiled or maintained by the public water system or the

water savings projections adopted by the California Urban Water Conservation Council. If a project applicant proposes to use a new voluntary water demand management measure for which neither the California Urban Water Conservation Council nor the public water system has adopted an estimate or method to calculate the projected water savings of the proposed voluntary demand management measure, the projected water savings would be required to be made based on documented methodologies or calculations submitted in the record. Five years after the project has been fully developed, the public water system would be required to include within its next urban water management plan a report on the monitoring and compliance of voluntary water demand management measures and to determine , if practicable based on readily available information, whether they have resulted in the water savings necessary to achieve the agreed upon water demand offsets. The bill would also require the public water system to document the measured annual water use of the subdivision in comparison to the projected demand associated with the subdivision, and to calculate the water savings attributable to the voluntary mitigation measures financed by the Voluntary Water Demand Mitigation Fund for the subdivision. If the public water system bases its written verification of a sufficient water supply for the subdivision, in whole or in part, on the use of voluntary demand management measures within the subdivision, the written verification would be required to be conditioned on the maintenance and operation of the voluntary demand management measures, or measures that are at least as water efficient, as agreed to by the applicant and the public water system, and the recordation as a covenant running with the land for the lots within the subdivision. The bill would provide that by acceptance of a deed to a lot, each purchaser would acknowledge the obligation to comply with the voluntary demand measures for the lot as described in the covenant. These covenants would be authorized to be enforced pursuant to the existing authority of a public water system. The bill would further require a builder, prior to the close of escrow, to give a purchaser information that would be required to be included in a maintenance manual that informs the purchaser of the existence of the home's unique water saving devices, including specified information. The bill would also encourage the public water system to commit to carrying out the water conservation measures funded by the Voluntary Water Demand Mitigation Fund within 24 months of the sale of the last unit of the proposed subdivision. The bill would require the public water system to choose water conservation measures that are themost cost-effective means to yield water savings . The bill would authorize expenditures from the fund to be made within the subdivision or elsewhere within the service area of the public water supplier, at its discretion. Not less than 40% of the proceeds from the voluntary water demand mitigation fund would be required to be directed to water conservation programs in any disadvantaged community, unless the public water system makes a specified finding. By adding to the duties of the public water system, this bill would impose a state-mandated local program. This bill contains other related provisions and other existing laws.

Position: None at this time
Subject: Service Reviews/Spheres, Water
CALAFCO Comments: Requires the preparation of a water assessment report for projects which reduce water consumption, which requires consultation with affected agencies, including LAFCo.

Total Measures: 15
Total Tracking Forms: 15

6/14/2010 8:41:36 AM

CALAFCO Legislative Committee Meeting Agenda Package for June 11, 2010

Attachment 3

CALIFORNIA ASSOCIATION OF LOCAL AGENCY FORMATION COMMISSIONS **CALAFCO**

Sharing information and resources

CALAFCO Legislative Committee
MEETING AGENDA

Friday, 11 June 2010 • 9:30 am – 11:00 am
Conference Call Meeting • 800-867-2581 / ID: 4426536#

1. Welcome, Review Agenda — *B. Chiat*
2. Approve Minutes from 30 April 2010 — *B. Chiat*
3. Update on Current Legislation*
   a. AB 2795 – Assembly Omnibus Bill — *H. Ehrlich*
   b. SB 894 – Senate Omnibus Bill — *B. Chiat*
   c. AB 419 (Caballero) – Placing LAFCo Items on Ballot — *B. Chiat*
   d. AB 711 (C. Calderon) – Funding for East L.A. Incorporation Studies — *B. Chiat*
   e. AB 1668 (Knight) – Council Election After Incorporation §57116 — *B. Chiat*
   f. SB 1023 (Wiggins) – Reorganization of RIDs/MIDs to CSDs — *B. Chiat*
4. Annexation of Unincorporated Disadvantaged Communities — *B. Chiat*
   a. AB 853 (Arambula) – Procedures for annexation of communities*
   b. SB 194 (Florez) – Use of federal/state block grants for communities
   c. SB 1174 (Wolk) – Inclusion of communities' future in housing element
5. Consider Legislative and Project Priorities for 2011-12 Session* — *B. Chiat*
   a. Revision of CKH definitions
   b. Update of Revenue & Tax Code 99
   c. Process for review of multi-county agency applications
   d. Expand §56133 out-of-agency service authority
   e. Notification of district name changes
   f. Sunset on waiving protest provisions for island annexations (§56375.3)
   g. Sunset on extension of services to previously unserved areas (§56434)
   h. LAFCo review of local financing agencies (RDA, CFD, maintenance districts)
   i. Modification to LAFCo sphere process and timing (§56425(g) and §56430)
   j. Determination of Council election system at time of incorporation (§57116)
   k. Others?
6. Williamson Act Letter Supporting Subventions* — *B. Chiat*
7. Items for Next Meeting
8. Adjournment to 23 July 2010

* *Please see attached staff report.*

UPDATED 7 June 2010

California Association of Local Agency Formation Commission

Legislative Committee Summary Minutes

Date 30 April 2010, 9:30 am to 12:15 pm

Location BB&K, San Diego

Attendees *Members*: Clark Alsop, Roger Anderson*, Rich Bottarini*, Bob Braitman*, Scott Browne*, Bill Chiat (Chair), Michael Colantuono*, Carole Cooper, Paula de Sousa, Harry Ehrlich (Vice Chair), José Henríquez*, Gay Jones*, Mike Ott, Ted Novelli*, Neelima Palacherla, Mona Palacios*, Allen Settle*, Keene Simonds*, George Spiliotis, Chris Tooker*

*participated by phone

Recorder Bill Chiat

1. **Agenda Review.** A quorum was determined to be present at 9:30.

2. **Approve minutes.** Minutes approved with minor changes. MOTION: Approve minutes. (m/Ehrlich, s/Tooker, unanimous)

3. **Assembly Omnibus Bill – AB 2795.**

   The Committee considered two potential amendments to the existing bill and two additional items to amend into the bill.

   a. **Section 6 – Modify Section 57075.5(b): calling annexation elections**
   Harry will seek an amendment to change "local legislative body" to "city council." Local Legislative Body is not defined in CKH. This section only pertains to cities.

   > 57075.5. Notwithstanding Section 57075, if territory proposed to be annexed to a city with more than 100,000 residents is inhabited and is located in a county with a population of over 4,000,000, the commission, not more than 30 days after conclusion of the hearing, shall make a finding regarding the value of written protests filed and not withdrawn and shall take one of the following actions:
   > (a) Terminate proceedings if written protests have been filed and not withdrawn by 50 percent or more of the registered voters within the affected territory.
   > (b) Order the territory annexed subject to the confirmation by the voters on the question, *and request the ~~local legislative body~~ city council* to call a special election and submit to the voters residing within the affected territory the question of whether it shall be annexed to the city, if written protests have been filed and not withdrawn by either 15 percent or more of the registered voters within the territory, or 15 percent or more of the number of owners of land who also own not less than 15 percent of the total assessed value of land within the territory.

   b. **Section 11 – Modify R&T 99 (a)(b)(4): Extension of PT negotiation period**
   The current language in the bill creates an unintended consequence that would not allow an extension. Harry will seek an amendment to amend the language to make it clear that the 30-day extension is in addition to the existing 60 days. One possible modification suggested:

(4) Upon receipt of the estimates pursuant to paragraph (3) the local agencies shall commence negotiations to determine the amount of property tax revenues to be exchanged between and among the local agencies. *Except as otherwise provided,* this negotiation period shall not exceed 60 days. *If a local agency involved in these negotiations notifies the other local agencies, the county auditor, and the local agency formation commission in writing of its desire to extend the negotiating period, the negotiating period shall be 90 days.*

c. **NEW ITEM – Modify Section 56332: special district seat elections**
Current law does not specifically refer to calling a meeting of the special district selection committee when a vacancy is anticipated; it only mentions a meeting once the vacancy exists or when requested by certain districts. Committee recommends amending the language in Section 3 of AB 2795 to specifically allow the executive officer to call a meeting when a vacancy is anticipated. It was recommended to create a third subsection, but leave it to the discretion of CALAFCO and legislative staff. Harry will work with Assembly and Senate staff on the language.

(b) The executive officer shall call and give written notice of all meetings of the members of the selection committee. A meeting shall be called and held under ~~either~~ *one* of the following circumstances:
(1) Whenever a vacancy *is anticipated to* exist~~s~~ among the members or alternate members representing independent special districts upon the commission.
(~~1~~*2*) Whenever a vacancy exists among the members or alternate members representing independent special districts upon the commission.
(~~2~~*3*) Upon receipt of a written request by one or more members of the selection committee representing districts having 10 percent or more of the assessed value of taxable property within the county, as shown on the last equalized county assessment roll.

MOTION: Approve amendment for AB 2795. (m/Braitman, s/Spiliotis, unanimous)

d. **NEW ITEM – Modify R&T 99 (7): special district seat elections**
Current law is inconsistent in the number of days for a city and county renegotiate a property tax agreement in the event a LAFCo modifies a proposal. Committee recommends amending the language in Section 11 of AB 2795 to allow 60 days rather than 15. Harry will work with Assembly and Senate staff on the language.

(7) In the event that the commission modifies the proposal or its resolution of determination, any local agency whose service area or service responsibility would be altered by the proposed jurisdictional change may request, and the executive officer shall grant, ~~*15*~~ *60* days for the affected agencies, pursuant to paragraph (4) to renegotiate an exchange of property tax revenues. Notwithstanding the time period specified in paragraph (4), if the resolutions required pursuant to paragraph (6) are not presented to the executive officer within the ~~*15*~~ *60*-day period, all proceedings of the jurisdictional change shall automatically be terminated.

MOTION: Approve amendment for AB 2795. (m/Ehrlich, s/Braitman, unanimous)

e. **Statute of Limitations for Challenges.** Michael C. reported that he is continuing to work with Senate staff on the necessary language changes. It appears they are close to an agreement. The final language will be proposed to be amended into AB 2795 when it comes to the Senate.

4. **Current CALAFCO Legislation: AB 419 – Elections Time Limit**. The California Association of Clerks and Elections Officials (CACEO) raised concerns about the bill and offered several suggestions to bring it into consistency with current elections law. Committee members appreciated the suggestions and asked if they would be willing to look at all the language in CKH regarding elections and petitions to bring it into consistency with elections law. There was also an extended discussion of what was meant by "specials elections" in CKH. It is interpreted that all LAFCo elections are "special elections" even though that has a different meaning in elections law. Bill is meeting with CACEO next week and will discuss their comments and a deeper review of CKH.

5. **LAFCo-Related Legislation: AB 1859 – LAFCo Review of RDA Project Areas.** While this bill died at the Assembly Local Government Committee, the legislative committee discussed the broader policy on whether LAFCo should have oversight of a variety of local agencies that previously were simply financing mechanisms, but more recently may be more involved in the provision of municipal services. Includes RDAs, Mello Roos/CFDs, county maintenance districts, and others. Committee felt this may require additional study and requested direction from the Board on a position.

   MOTION: Recommend Board study and consider adopting a position regarding LAFCo oversight of local agencies which finance municipal services. (m/Tooker, s/Novelli, unanimous)

6. **Legislative Proposals**

   a. **Modification to CKH Sphere Process**
   Committee identified two elements to the proposal: 1) change the period from 5 to 8 years to match the new housing element cycle; and 2) change the term 'update' to 'amend.' In general the Committee felt 8 years was a reasonable threshold, and agreed CALAFCO should pursue legislation next year to change the timeframe. Concerns were expressed regarding the change of terms and whether that may restrict LAFCo discretion. For the purposes of discussion, a small group agreed to try and draft a definition of "update" for discussion of the Committee. Scott, Keene, Rich and José will draft a definition for consideration of the committee.

   b. **Disclosure Requirements**
   Committee members felt LAFCo already had the authority to require disclosure agreements and no further legislation was required.

   c. **Special District Name Changes**
   Committee recognized that this would require changes to a broad range of principal acts. Harry will discuss this issue with CSDA.

   d. **Williamson Act**
   The Williamson Act funding continues to be in jeopardy for funding. A broad coalition of stakeholders has been formed to support the Act. The question presented was whether CALAFCO should have a position on the Williamson Act. Committee members raised questions on the effectiveness of the Act in preserving agricultural and open space lands, and whether it is at its core a state budget issue. There were also questions on the level of concern this issue is for CALAFCO. Conversely others argued that the lack of funding may affect LAFCo ability to protect agricultural lands and may make it more difficult

for LAFCo to discharge its preservation duties. It was also mentioned that we might oppose state laws or rules without funding.

Committee supported the Williamson Act in concept but felt it should be sent to the Board for a policy discussion and direction.

e. **Ballot Question on System of Election at Incorporation**
CALAFCO has pursued legislation to make the now required question of the system of election (at-large, by district, from district) an optional question on the incorporation ballot. No author was found in 2010. Committee agreed it is an open issue to pursue in 2011. Several potential authors in affected areas were identified. Bill will put this item on the 2011 legislative agenda.

f. **Maintenance Districts**
Several LAFCos have raised concerns that counties are using maintenance districts to provide municipal services much like a CSA. Maintenance districts have traditionally been a financing mechanism only, and therefore are not a local agency subject to LAFCo review. Two types of maintenance districts are allowed under law: public works code and health & safety code. Some felt H&S districts may be subject to LAFCo. Committee felt this should be part of the boarder policy question of LAFCo review of local financing agencies such as RDAs and CFDs. Mike Ott offered to forward some information to staff to consider for the committee to review.

7. **Committee Meeting Schedule**
The next Committee meetings are:
   - Friday, 11 June 2010 – Oakland*
   - Friday, 23 July 2010 – Ontario*

   * Tentative depending on need for legislation review; may be conducted by conference call.

The meeting was adjourned at 12:15 p.m.

CALIFORNIA ASSOCIATION OF LOCAL AGENCY FORMATION COMMISSIONS **CALAFCO**

Legislative Committee Meeting

11 June 2010

Agenda Item 3
CURRENT LEGISLATION

DESCRIPTION

Update on current legislation that either CALAFCO supports or affects LAFCos.

OMNIBUS BILLS

AB 2795 – Assembly Omnibus Bill – *SUPPORT*

This bill makes non-substantive changes to the Cortese-Knox-Hertzberg Local Government Reorganization Act of 2000. The bill was amended on 27 May 2010 to reflect the changes approved at the 30 April Legislative Committee meeting. Those amendments include:

- Allows executive officers to call a meeting of the special district selection committee when a vacancy is *anticipated to occur within the next 90 days.*
- Specifies that in counties with more than 4,000,000 residents when a LAFCo orders voter confirmation of an annexation to a city with more than 100,000 residents it requires the *city council* to call for the election, and not the LAFCo.
- Makes clarifying language to earlier amendments regarding the ability of local agencies to extend the property tax negotiation process to 90 days by mutual agreement.
- Extends the period to renegotiate the property tax exchange period (if a LAFCo changes a proposal) from 15 to 30 days.

Other elements of bill define "divestiture of power;" defines executive officer for the special district selection process to allow the commission to appoint a designee other than the executive officer; corrects several incorrect section references; specifies that a LAFCo may initiate proposals by resolution of application; and specifies that two city council seats would be up for election at the first election following incorporation regardless of the system of election chosen.

The bill passed the Assembly unanimously. It is scheduled to be heard by the Senate Local Government Committee on 9 June 2010. The Senate staff analysis is supportive.

SB 894 – Senate Omnibus Bill – *SUPPORT*

This bill makes non-substantive changes to a wide range of local government laws. The bill was most recently amended on 1 June 2010 with several amendments requested by CALAFCO. Those amendments bring consistency to the statutes of limitations to challenge city and county boundary change decisions. It eliminates an antiquated code section on time limits.

The bill, prior to being amended, passed the Senate unanimously. It is scheduled to be heard at the Assembly Local Government Committee on 30 June 2010.

OTHER LEGISLATION

AB 419 (Caballero) – Election Ballots – *SUPPORT*
This was a "gut and amend" bill that had already passed the Assembly as different legislation. The California Association of Clerks and Elections Officials raised some concerns on language consistency in the bill. Following the last meeting of the Legislative Committee CALAFCO staff met with the Elections Officials and worked out revised language. Both associations believe it makes the bill clearer to its original intent while improving consistency between CKH and the Elections Code. The bill was amended on 17 May 2010 with the agreed upon language.

The bill is scheduled to be heard next by the Senate Local Government Committee on 9 June 2010. There is no known opposition. Once through the Senate it will need to return to the Assembly for concurrence.

AB 711 (Charles Calderon) – East Los Angeles Incorporation Studies Loan – *WATCH*
This bill was amended to make it an urgency bill (requiring a 2/3 majority vote). It was also amended several times to change the source of the loan funds. It passed the Senate, but languished for several weeks waiting for enough votes on the Assembly floor.

AB 711 finally passed the Assembly on a 2/3 vote on 1 June 2010. It is now on the Governor's desk for action. As an urgency bill it will take effect immediately upon signature.

AB 1668 (Knight) – Council Elections After Incorporation – *SUPPORT*
This bill is essentially the same as AB 18 last year which was vetoed by the Governor. The bill was amended on 24 May 2010 with additional language from the Senate Omnibus Bill upon recommendation from the Senate staff and the Governor's Office. CALAFCO supports the amended language.

The bill unanimously passed the Assembly and the Senate Local Government Committee. It is scheduled for Third Reading in the Senate on 14 June 2010. Although vetoed last year, the author has worked with the Governor this year on the legislation and anticipates a favorable outcome.

SB 1023 (Wiggins) – Expedited Reorganization of MIDs and RIDs – *SUPPORT*
This bill would provide an expedited process for reorganizing Resort Improvement Districts and three specified Municipal Improvement Districts into CSDs. It was amended on 27 April 2010 to allow one specific district to be organized into a Recreation and Park District.

The bill passed the Senate. There was some opposition to the bill by some homeowners who reside within one of the RIDs. Their issues (a pending lawsuit on assessments) would be unaffected by a reorganization authorized by the bill, and the committee heard but did not respond to their objections.

It is scheduled to be heard next by the Assembly Local Government Committee on 16 June 2010.

SB 1232 (Romero) – Extension of Validity of East Los Angeles Petition Signatures – *WATCH*
The author canceled hearing scheduled for 19 April. Subsequently the bill failed on 7 May when it missed the deadline to be heard.

RECOMMENDED ACTION

Continue "Support" or "Watch" positions as noted for each bill.

CALIFORNIA ASSOCIATION OF LOCAL AGENCY FORMATION COMMISSIONS **CALAFCO**

Legislative Committee Meeting

11 June 2010

Agenda Item 5
2011-12 Legislative and Project Priorities

DESCRIPTION

Over the last two years the Legislative Committee has identified a number of significant areas for legislative action. 2011 brings the beginning of a new two-year Legislative session and the opportunity for CALAFCO to consider introduction of legislation to address some of these areas. While all of the identified areas below are worthy of legislative consideration, CALAFCO is limited in both staff time to research and prepare the legislation and in the number of bills it can reasonably expect to introduce and manage during a session.

Listed below is a brief description of each area and any work that has been completed to date. For legislation to be introduced in 2011, CALAFCO should be prepared to share concepts with stakeholders this summer and fall, and to have draft language available to potential authors in early December.

In addition to the potential legislative areas below, CALAFCO also expects to be sponsoring an annual CKH Assembly Omnibus bill as well as contributing to the Senate Omnibus bill on other local agency laws.

a. **Revision of CKH Definitions**
This concept was initially discussed by the Committee on 26 October 2007. The Committee approved a motion that CALAFCO should "... take a broad look at the definitions for LAFCo decisions, actions and proposals, including input from LAFCo executive officers and council." A subcommittee was appointed to draft proposed changes and new definitions. To date that committee has not reported back, although at least one new definition is being added in the 2010 Assembly Omnibus bill.

b. **Update of Revenue & Tax Code 99**
In late 2009 the Legislative Committee began discussing various changes to R&T §99 to make it consistent both internally and with CKH. At its 19 December 2009 meeting it established a subcommittee to begin looking at a broad update of the section. That subcommittee has met on several occasions. Recommended short-term improvements from the subcommittee are included in the 2010 Assembly Omnibus Bill. There remains a number of additional, more significant areas for improvement. Recognizing that these other changes may impact other agencies, the subcommittee had considered a request to the Senate Local Government Committee to assist in an overall update to this section. No action has been taken on that request.

c. **Process for Review of Multi-County Agency Applications**
This initially grew from a Superior Court decision affecting Nevada and Placer LAFCos. On 26 October 2007 the committee discussed the issues of cross-county annexations and spheres of influence decisions when the principal county LAFCo is making decisions regarding lands located in another county. A subcommittee was appointed to examine the

level of interest in the state. The issue has been raised at several meetings; however no report has been made by the committee.

d. **Expand §56133 Out-of-Agency Service Authority**
Over the years the Committee has studies the provisions of §56133 and how it might be improved to provide flexibility for LAFCos to extend services outside of boundaries or spheres while at the same time avoiding the ability to inadvertently create leapfrog development. Most recently the issue was raised by Napa LAFCo at the 24 July 2009 Legislative Committee meeting. On 18 December 2009 the Committee adopted proposed amendments that gave more flexibility to LAFCos. When presented to the Board of Directors on 15 January 2010, however, the proposal was rejected. Subsequent discussions have been held at the 2010 Staff Workshop.

e. **Notification of District Name Changes**
In 2008 CALAFCO included notification to LAFCo of Community Service District name changes in the omnibus bill. There is recognition that that same language should be added to most, if not all, special district principal acts in order that LAFCos are aware when a name change occurs. Some initial research on the principal acts has been conducted, and at the 30 April 2010 meeting the Legislative Committee asked staff to discuss with CSDA.

f. **Sunset on Waiving Protest Provisions for Island Annexations** (§56375.3)
The current sunset for this provision of island annexations is 1 January 2014. When the sunset was extended in 2007 the Legislature was explicit in its intent at that time not to allow another extension. It believed that LAFCos will have had ample opportunity to complete all annexations by that time. The Committee may want to consider whether continuing the provision has any merit.

g. **Sunset on Extension of Services to Previously Unserved Areas** (§56434)
The current sunset for this provision is 1 January 2013. In 2006 AB 2259 (Salinas) provided a six year extension to this provision. A small number of LAFCos specifically use this provision, although others have indicated that it is part of the discussions held with counties on service extensions. County and city stakeholders support the extension (CALAFCO had lobbied to remove the sunset) with the caveat that the stakeholders engage in a broader discussion of LAFCo review of development in the unincorporated areas. This dates back to the discussions in 1999 on CKH. §56434 was added as a compromise between the League and CSAC. The League argues that LAFCos should review such development much like they review city annexations. CSAC argues that LAFCo should not be reviewing development or growth within its jurisdictions. CALAFCO had agreed to monitor LAFCo use of this provision over the six years. To date the stakeholders have not met.

h. **LAFCo Review of Local Financing Agencies** (RDA, CFD, maintenance districts)
This issue emerged early in 2010 when AB 1859 was introduced to require LAFCo review of redevelopment agency (RDA) project areas. Several LAFCos have raised concerns that counties are using maintenance districts to provide municipal services much like a CSA. Maintenance districts have traditionally been a financing mechanism only, and therefore are not a local agency subject to LAFCo review. The Committee felt this should be part of the boarder policy question of LAFCo review of local financing agencies.

i. **Modification to LAFCo Sphere Process and Timing** (§56425(g) and §56430)
A proposal was presented to the Legislative Committee on 30 April 2010 to alter the timeframes for the sphere review process and to change "amend" to "update." The

Committee identified two elements to the proposal: 1) change the period from 5 to 8 years to match the new housing element cycle; and 2) change the term 'update' to 'amend.' In general the Committee felt 8 years was a reasonable threshold, and agreed CALAFCO should pursue legislation next year to change the timeframe. Concerns were expressed regarding the change of terms and whether that may restrict LAFCo discretion. A subcommittee agreed to draft a definition of "update" for discussion of the Committee.

j. **Determination of Council Election System at Time of Incorporation** (§57116)
Current law requires a ballot measure at incorporation on the question of election system for the future city (at-large, by district, from district). Some LAFCos believe this causes confusion and results in a district system selected by the voters and later changed by the new council. CALAFCO had proposed legislation which would make the question optional rather than mandatory. No author was found in 2010. The Committee identified it as a priority for future years.

RECOMMENDED ACTION

Committee consider and modify or narrow the proposed list and send to membership and the Board of Directors for input on priorities.

CALIFORNIA
ASSOCIATION OF
LOCAL AGENCY
FORMATION
COMMISSIONS

2010
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www.calafco.org

7 June 2010

The Honorable Arnold Schwarzenegger
Governor, State of California
State Capitol
Sacramento, California 95814

RE: **Funding of Williamson Act Subventions**

Dear Governor Schwarzenegger:

On behalf of the California Association of Local Agency Formation Commissions Board of Directors, I write to strongly urge you to restore the Williamson Act subvention payments in the Budget to local governments for property tax losses incurred by enrolling agricultural land in Williamson Act contracts.

Local Agency Formation Commissions (LAFCo) were created by the Legislature to promote orderly development and balance that development with sometimes competing state interests of discouraging urban sprawl, preserving open-space and prime agricultural lands, and efficiently extending government services (Govt. Code §56001).

Since 1963 LAFCos have worked within each county to meet this state mandate of balancing growth and development with discouraging sprawl and protecting California's important agricultural lands. The Williamson Act has proven to be an important tool for many LAFCos to reduce sprawl and protect prime agricultural lands. The Williamson Act is a voluntary program that provides lower property taxes to agricultural landowners in exchange for their contractual commitments with participating cities or counties to keep their land in agricultural or open space uses for 10 – 20 years.

Because the Act includes a formula for allocating payments to local governments based on acreage enrolled in the program LAFCos have been able to use this as an incentive to both local governments and landowners to reduce sprawl and concentrate development in urban areas. This financial support from the state has provided a tangible incentive for local governments to stay in the program and initiate more contracts by partially replacing property tax revenues lost on enrolled land.

The ramifications of eliminating the subventions cause us great concern. Without the financial incentives to counties and cities to maintain contracts, or for landowners and local agencies to enroll more land under the Act, we believe the ability of LAFCos to meet the Legislative intent to preserve agricultural and open-space lands will be compromised.

For LAFCos the Williamson Act has proven to be an effective tool for encouraging the preservation of existing farmland, and the preservation of open space and habitat in an ever increasing urban California.

Additionally the Williamson Act has been instrumental in helping LAFCos prevent leapfrog development. For years, LAFCos along with cities and counties have relied on the Williamson Act to support general plan and zoning objectives, and promote orderly growth. We fear that eliminating the Williamson Act subventions will eventually lead to a total unraveling of the program. We further believe that severely reducing the funding is contrary to your desire for the State to be recognized as a leader on climate change, "smart growth" and other environmentally progressive initiatives. The Williamson Act is a nominal investment relative to the numerous benefits that it provides statewide.

For these reasons, CALAFCO respectfully urges you to fully fund the Williamson Act subventions in the 2010-2011 State Budget.

Yours sincerely,

William Chiat,
Executive Director

c: Members of the Senate Leadership
Members of the Assembly Leadership

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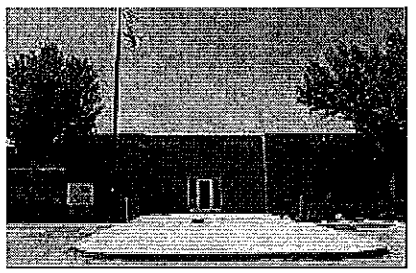
GEO Group finalizes $28 million purchase of Adelanto prison

Natasha Lindstrom
2010-06-07 16:39:40



ADELANTO • Prison operator GEO Group, Inc. announced on Monday that it has finalized its purchase of the city-owned prison for $28 million.

The move provides a crucial cash infusion for the city of Adelanto, which has been grappling with depleted reserves amid ballooning debt payments.

But because the Florida-based GEO Group has yet to land a state or federal contract, the 650-bed correctional facility is set to close and undergo renovation over the summer. The 100 prison workers face possible layoffs if GEO Group doesn't secure a contract by Aug. 4, though they'll get priority hiring once the facility reopens, City Manager Jim Hart told the Daily Press in late March.

GEO Group spokesman Pablo Paez declined to comment Monday beyond a company press release.

To read the full story, see Tuesday's Daily Press. To subscribe to the Daily Press in print or online, call (760) 241-7755, 1-800-553-2006 or click here.

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Rollings-McDonald, Kathleen

From: owner-eo@ecomclick.com on behalf of Bill Chiat [wchiat@calafco.org]
Sent: Thursday, June 10, 2010 9:13 AM
To: eo
Subject: [EO List] CALAFCO Opposes AB 853 as Amended Yesterday

Dear LAFCo Executives: On Monday CALAFCO became aware that the author and sponsors of AB 853 (Arambula) were intending to amend their bill in anticipation of its hearing scheduled for next Wednesday. This is the bill that provides an expedited process for annexations of economically disadvantaged communities to cities. Monday afternoon we received the draft amendments from the sponsors as they were being sent to Legislative Counsel for review. They significantly change the bill and move it in a direction that was never discussed with us. Further, the bill did not address our initial concerns and in fact went in the opposite direction. In the brief time we have had to review the bill a preliminary analysis has been prepared identifying our objections.

The drafts of the amendments and our concerns were shared with the Legislative Committee Monday afternoon. The Committee identified additional concerns and recommended an OPPOSE position. On Wednesday morning we received the edited amendments from Legislative Counsel. I met with our peer associations and with Mr. Arambula's staff. It was clear that Mr. Arambula was not interested discussing further changes to his proposal for LAFCo to prepare comprehensive service plans. This bill and our offer to assist has been languishing since it was last heard in committee in May 2009. Yet the sponsors and authors waited until a week before the next hearing to introduce major new amendments to the bill. In order to register our position in the Senate staff analysis we had to submit our position letter by the end of the day yesterday (before the amended bill was actually in print).

Based on the content of the amendments and the major responsibilities handed to LAFCo with no resources, the apparent unwillingness to discuss this with stakeholders, and the action to push this through at the last minute, we felt we had no choice but to take an oppose position.

I should point out that in my meeting with Mr. Arambula's staff they indicated they did not intend the definition of fringe communities to include communities that were not adjacent to current city boundaries. Nonetheless the amended bill includes communities within 1.5 miles of a city or adjacent to a sphere. This may be amended before the hearing on Wednesday (or they may no longer care what we think).

Last night the amended bill was finally posted and it will be in print today. The

staff analysis from Senate Local Government Committee will be out tomorrow. The hearing is Wednesday at 9:30 a.m. Our opposition letter, the amended bill, and the preliminary analysis of CALAFCO's concerns are now available to download from the CALAFCO website at: **AB 853 Opposition**. We expect the League, CSAC, APA and CSDA to oppose the bill. Several LAFCos have also transmitted opposition letters.

Should this bill pass it places significant new responsibilities on LAFCos which will likely affect all LAFCos that have cities within their boundaries. It will place inordinate costs and time delays on annexation applicants and could dramatically increase LAFCo costs that would have to be passed on to cities, counties and special districts during the worst of financial times for local agencies. Please review the packet. If your LAFCo has already taken a position, a letter to Mr. Arambula with copies to Peter Detwiler and me would be most appreciated.

We don't know what the outcome of Wednesday's hearing will be. It is likely SOME kind of measure may come out. If it does the bill is now keyed 'fiscal' so it will have to go to Appropriations. Then back to the Assembly, and likely the Assembly Local Government Committee for concurrence before it goes to the Governor. I'll keep you apprised. BC

Bill Chiat
Executive Director

California Association of Local Agency Formation Commissions
1215 K Street, Suite 1650
Sacramento, CA 95814
916/442-6536

www.calafco.org

Rollings-McDonald, Kathleen

From: Bill Chiat [wchiat@calafco.org]

Sent: Monday, June 07, 2010 4:02 PM

To: Clark Alsop; Roger Anderson; Kris Berry; Bob Braitman; Scott Browne; William Chiat; Carole Cooper; Paula de Sousa; Harry Ehrlich; SR Jones; Gay Jones; Jerome Keene; Steve Lucas; Ted Novelli; Neelima Palacherla; Mona Palacios; Rollings-McDonald, Kathleen; Allen Settle; Keene Simonds; George J. Spiliotis; Lou Ann Texeira; Chris Tooker; Susan Wilson

Subject: AB 853 - URGENT REVIEW REQUESTED

Attachments: AB 853-Amends-Sen Local Govt-sphere of influence.doc; AB 853-Amends-CALAFCO-Comments.doc

Dear Legislative Committee Members: As I was preparing the final packet today for the Leg Committee meeting on Friday, I received a copy of the proposed amendments to AB 853 from the author at 2:00. These were not discussed with us (or the cities, counties or special districts). They were sent to us after they went to Legislative Counsel for preparation. The bill is expected to be amended Wednesday before it is heard at Senate Local Government on 16 June. We should have the amended bill to discuss at our Friday meeting.

I've taken a very quick review of the bill this afternoon and prepared some initial comments. Attached please find the proposed language. You will see that they are gutting the bill and inserting the attached language. Also attached is my first brush at concerns with the bill. I apologize if they are a bit incoherent. I wanted to share some of my initial reactions with you asap. Please review the bill first, then take a look at my comments. You may have others, and I may have misinterpreted what they are saying.

The Senate analysis will come out Thursday and we need to register our position by Wednesday afternoon. **Based on what I am reading I recommend we now take an OPPOSE position** with an offer to work with the author and sponsor to address our concerns, and since we have just received the language we will be in a better position to detail those concerns at the hearing next week.

I'm getting the sense from Senate staff (Detwiler) that it is highly likely that some version of 853 will come out of committee. We need to identify those areas which must be corrected from our perspective. I've chatted briefly with the League this afternoon and we will be coordinating our responses and work with Senate committee members.

In preparation for Friday's meeting, please review the attachment. Also please let me know by Tuesday at 5:00 if you support taking an OPPOSE position on the bill at this time. I hope to have the committee agenda and other materials posted tonight. BC

Bill Chiat
Executive Director

California Association of Local Agency Formation Commissions
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AB 853-proposed amendments to May 18, 2009 version

Strike contents of bill and insert the following:

Government Code §56375.6 (to be added)

56375.6. (a) As used in this section, the following terms have the following meanings:

(1) "Unincorporated fringe community" means any inhabited unincorporated territory that is within 1.5 miles of a city or within or adjacent to a city's sphere of influence.

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

(3) "Disadvantaged community" means a community with an annual median household income that is less than 80 percent of the statewide annual median household income. Income evidence may be provided by a community household survey.

(b) The board of supervisors shall petition the commission in the board's county to approve the annexation to a city of any unincorporated fringe community or unincorporated island community after notice and hearing if all of the following conditions exist:

(1) Twenty-five percent of the registered voters or landowners in the unincorporated fringe community or unincorporated island community file a petition with the board to initiate an annexation of that community to a municipality.

(2) The territory contained in the annexation petition constitutes an unincorporated island or unincorporated fringe community that has infrastructure deficiencies, such as lacking wastewater, drinking water services, storm drainage, paved streets, or there exists a serious infrastructure-related health hazard.

(3) The territory that is the subject of the annexation petition constitutes a disadvantaged community. Income evidence may be provided by a community household survey.

Government Code §56425 (to be amended)

56425. (a) In order to carry out its purposes and responsibilities for planning and shaping the logical and orderly development and coordination of local governmental agencies to advantageously provide for the present and future needs of the county and its communities, the commission shall develop and determine the sphere of influence of each local governmental agency within the county and enact policies designed to promote the logical and orderly development of areas within the sphere.

(b) Prior to a city submitting an application to the commission to update its sphere of influence, representatives from the city and representatives from the county shall meet to discuss the proposed new boundaries of the sphere and explore methods to reach agreement on development standards and planning and zoning requirements within

the sphere to ensure that development within the sphere occurs in a manner that reflects the concerns of the affected city and is accomplished in a manner that promotes the logical and orderly development of areas within the sphere. If an agreement is reached between the city and county, the city shall forward the agreement in writing to the commission, along with the application to update the sphere of influence. The commission shall consider and adopt a sphere of influence for the city consistent with the policies adopted by the commission pursuant to this section, and the commission shall give great weight to the agreement to the extent that it is consistent with commission policies in its final determination of the city sphere.

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

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

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

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

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

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

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

(5) The existence of a comprehensive plan adopted pursuant section 56435 of the Government Code, and local agency compliance with this plan, if applicable.

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

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

(h) The commission may recommend governmental reorganizations to particular agencies in the county, using the spheres of influence as the basis for those recommendations. Those recommendations shall be made available, upon request, to other agencies or to the public. The commission shall make all reasonable efforts to ensure wide public dissemination of the recommendations.

(i) When adopting, amending, or updating a sphere of influence for a special district, the commission shall do all of the following:

(1) Require existing districts to file written statements with the commission specifying the functions or classes of services provided by those districts.

(2) Establish the nature, location, and extent of any functions or classes of services provided by existing districts.

(j) The commission shall not approve any change to a sphere of influence unless all relevant local agencies are in compliance with section 56435 of the Government Code.

Government Code §56435 (to be added)

56435. (a) For the purposes of this section, "Unincorporated fringe community" means any inhabited unincorporated territory that meets all of the following conditions:

(1) Is within 1.5 miles of a city or within or adjacent to a city's sphere of influence.

(2) Has infrastructure deficiencies, such as lacking wastewater, drinking water services, storm drainage, paved streets, or there exists a serious infrastructure-related health hazard.

(3) Constitutes a disadvantaged community, defined as a community with an annual median household income that is less than 80 percent of the statewide annual median household income. Income evidence may be provided by a community household survey.

(b) For the purposes of this section, "Unincorporated island community" means any inhabited unincorporated territory that meets all of the following conditions:

(1) Is surrounded or substantially surrounded by one or more cities or by one or more cities and a county boundary or the Pacific Ocean.

(2) Has infrastructure deficiencies, such as lacking wastewater, drinking water services, storm drainage, paved streets, or there exists a serious infrastructure-related health hazard.

(3) Constitutes a disadvantaged community, defined as a community with an annual median household income that is less than 80 percent of the statewide annual median household income. Income evidence may be provided by a community household survey.

(c) For the purposes of this section, "Unincorporated legacy community" means any inhabited unincorporated territory that meets all of the following conditions:

(1) Is more than 1.5 miles from a city and not adjacent to a city's sphere of influence.

(2) Has infrastructure deficiencies, such as lacking wastewater, drinking water services, storm drainage, paved streets, or there exists a serious infrastructure-related health hazard.

(3) Constitutes a disadvantaged community, defined as a community with an annual median household income that is less than 80 percent of the statewide annual median household income. Income evidence may be provided by a community household survey.

(d) The commission shall adopt a comprehensive plan to address infrastructure deficiencies for unincorporated fringe communities, unincorporated island communities, and unincorporated legacy communities.

(1) The comprehensive plan must include a feasibility analysis that includes one or more of the following: extension of municipal services, annexation, consolidation of agencies, or other actions within the commission's authority.

(2) The comprehensive plan must include potential federal, state or local funding sources, including but not limited to Community Development Block Grants, redevelopment funds, the Clean Water State Revolving Fund, and the Safe Drinking Water Revolving Fund. For any single infrastructure category, the plan shall not include an assessment for capital costs levied on residents of a disadvantaged community that exceeds 1.5% of the median household income in that community.

(3) The comprehensive plan must include timelines for each action.

(4) The relevant local agencies must be consulted by the commission and may provide guidance or comments prior to the adoption of the plan.

(5) The comprehensive plan may be developed using the process described in section 56425 (b) and (c) of the Government Code.

(e) The comprehensive plan required by subdivision (a) shall be adopted concurrent with the commission's review pursuant to subdivision (g) of section 56425, or prior to acting on any request pursuant to section 56428, whichever occurs first.

(f) All local agencies identified in a comprehensive plan must comply with the adopted actions and timelines of the commission. A local agency may challenge the comprehensive plan, at it relates to that local agency, to the commission and the commission must adopt a written response to that challenge within 90 days.

(g) The commission shall not approve an annexation to a city if that city is not in compliance with a comprehensive plan action related to a community that lacks wastewater or drinking water services constituting a serious public health hazard.

A Quick Review of the Amendments to AB 853

7 June 2010

MAJOR CALAFCO CONCERNS

1. 56375.6 – Definition of "Unincorporated fringe community" could **create leapfrog development** opportunities by allowing annexations of communities within 1.5 miles of a city. Assures that all the lands between current boundary and fringe community will be developed. Inconsistent with 56741 which allows only contiguous lands to be annexed. Will result in an unintended and significant loss of prime agricultural and open-space lands throughout the state.

2. 56435 (d) – Requires LAFCo to **adopt a "comprehensive plan" with no resources** or applicant to prepare the plan. **Who pays for this?** Perhaps the county, but what if it's part of a SOI review? May also require a district doing a small annexation to prepare the plan.

   Requires the plan to be adopted for all sphere reviews. Requires LAFCo to include a feasibility analysis of various reorganization or service extension options. Does NOT recognize that is almost impossible for LAFCo to force any of these reorganizations. LAFCos generally do not have the ability or resources to gather the required data and with little or no expertise in assessing "feasibility." Unclear if this is physical feasibility, financial feasibility or both. Some municipal services are not provided by local agencies and others are outside of LAFCo purview (private providers, mutual companies).

   Requires plan to **include funding sources**. LAFCo has no mandate, expertise, or ability to suggest, assess or evaluate the funding potentials. This is far outside of LAFCo's legislative mission.

3. 56435 (f) – Requires all **local agencies to comply with plan**. LAFCo has no authority to force compliance and is not an agency set up to monitor or evaluate plan compliance. LAFCo has no enforcement staff and little or no staff ability to assess local agency compliance.

4. **Lumps Special Districts in with Cities** on requirements. While this appears to be focused on city annexations, as written it appears to require comprehensive plans for district SOI reviews and district annexations, and for district compliance with comprehensive plans.

5. Implementation and affective dates are unclear. Appears to require "comprehensive plans" to **be adopted before the next round of SOI reviews are completed by January 1, 2013**. An impossible timeframe.

6. Appears to **essentially halt all city and district annexations**, although it adds two conflicting sections related to approving annexations: 56425(j) and 56435(g). Without an effective date it is unclear when this is implemented. Immediately?

   Does not differentiate a major annexation from a parcel or two annexation.

7. Appears to halt annexations **even if the city or district has none of the affected communities** unless an unnecessary "comprehensive plan" is prepared.

ADDITIONAL CALAFCO CONCERNS

A. The *intent* may be for the county to fund the "comprehensive plan." If so 56375.6(b) should be explicit that the **county shall file a resolution of application** and is considered the applicant.

B. There is no definition for what is meant by "**inhabited**." Is it the CKH definition?

C. How and who determines "**80% of statewide annual median household income**"? It refers to an unidentified community household survey with no indication who conducts and pays for that survey.

D. In several places the language refers to "**infrastructure deficiencies**" without defining what those deficiencies are or what constitutes a threshold for the purpose of this legislation. Many public works directors (and community members) in virtually ALL California cities and counties would argue that they suffer under infrastructure deficiencies: roads with severe maintenance backlogs; poor wastewater systems (think Marin wastewater agencies) or treatments systems; poor water treatment systems or lack of adequate water resources; poor flood control or levy systems. This could apply to virtually all of California.

E. Confusing definitions: In 56375.6 the reference is "**Unincorporated fringe community**" (implying it's on the edge) while in 56435(c) the reference is to "**Unincorporated legacy community**" with the same definition. Assume they are the same.

DRAFT