



**Local Agency  
Formation Commission**  
*LAFCO of Napa County*

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**AUGUST 7, 2006**  
**AGENDA ITEM NO. 7d**

August 1, 2006

**TO:** Local Agency Formation Commission

**FROM:** Keene Simonds, Executive Officer

**SUBJECT: Legislative Report (Action)**

The Commission will receive a copy of the most recent legislative report from CALAFCO for the second year of the 2005-2006 session. The Commission will consider the recommendation of staff to adopt positions of support for AB 2158, AB 2223, AB 2259, AB 1602, and AB 3074.

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Staff has attached the most recent legislative report from CALAFCO. The report notes that there are five bills that have been introduced during this second year of the 2005-2006 session that have direct impact on LAFCO law or the laws LAFCO helps to administer. CALAFCO has adopted support positions for all five bills.

Staff has prepared the following summary and evaluation of each of the five bills CALAFCO is supporting along with their potential impact on Napa County. Based on this evaluation, it is recommended that the Commission adopt support positions for all five bills and direct staff to prepare letters expressing support to the authors.

Note: The Legislature reconvenes from its summer recess on August 7, 2006. All bills for this session must pass through each house by August 31, 2006. The Governor must sign or veto all passed bills by September 30, 2006.

### **2005-2006 Second Year Legislative Session**

#### AB 2158 (Evans): Regional Housing Needs Methodology

California Government Code §65584.04 requires that at least two years prior to a scheduled revision of a city or county housing element of its general plan, each council of government or delegate subregion develop a methodology for distributing the existing and projected housing needs to the affected jurisdictions within their assigned region or subregion. This code section includes a list of specific methodology factors. AB 2158 would add to the list of methodology factors adopted sphere of influences for all local cities in the region as well as the adopted policies of the affected LAFCO.

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Dr. Andrew Alexander, Vice-Chair  
Mayor, City of Calistoga

Kevin Block, Commissioner  
Councilmember, City of Napa

Cindy Coffey, Alt. Commissioner  
Councilmember, City of American Canyon

Bill Dodd, Chair  
Supervisor, 4th District

Brad Wagenknecht, Commissioner  
Supervisor, 1st District

Mark Luce, Alt. Commissioner  
Supervisor, 2nd District

Guy Kay, Commissioner  
Representative of the General Public

Brian Kelly, Alt. Commissioner  
Representative of the General Public

Keene Simonds  
Executive Officer

LAFCOs are responsible for coordinating the logical and orderly development of local government agencies through its regulatory (change of organizations) and planning (sphere of influence) powers. Underlying this responsibility is LAFCO's legislative directive to promote the efficient extension of municipal services and prevent the premature conversion of agricultural and open-space lands. Current law does not require coordination between Council of Governments and LAFCO. AB 2158 would enhance coordination by requiring Council of Governments to consider LAFCOs' adopted sphere of influences and policies when assigning housing allocations. Locally, this bill would require the Association of Bay Area Governments to consider the sphere of influences and the policies of the Commission when assigning housing allocations for the six land use authorities in Napa County.

**Recommendation: Support**

AB 2223 (Salinas): Island Annexations

California Government Code §56375.3 requires that LAFCO approve an annexation to a city of an unincorporated island without a protest hearing if the annexation is initiated by the affected city after January 1, 2000 and before January 1, 2007. AB 2223 would extend the deadline for island annexations to January 1, 2014. The bill would also specify that affected cities or special districts would not be reimbursed for any costs relating to the annexation of an unincorporated island.

A key directive for LAFCO is promoting the orderly development of local governments and jurisdictional boundaries. For various reasons, as cities have grown over the years, unincorporated islands have been left within the boundaries of the cities. Locally, there a number of unincorporated islands located in the City of Napa that have contributed to the inefficient delivery of municipal services to the affected areas. The extension of §53375.3 would extend and make more certain the ability of the City to propose, and/or for the Commission to modify, annexation proposals that are successful in eliminating unincorporated islands.

**Recommendation: Support**

AB 2259 (Salinas): Services to Previously Unserved Unincorporated Territory

California Government Code §56434 authorizes the Commission to review and approve a proposal that extends services into previously unserved unincorporated territory. This code section also authorizes the Commission to review and approve the creation of new service providers (i.e. private entities) to extend urban development into previously unserved unincorporated territory to ensure that the proposed extension is consistent with LAFCO policies. This code section currently has a sunset date of January 1, 2007. AB 2259 would modify the code section to state that LAFCO is authorized to review and

*comment* on these type of proposals. This bill would also extend the sunset date to January 1, 2013.

The original intent of §56434 was to provide a mechanism for LAFCOs to participate in the review of proposals that involve the development of unincorporated territory that does not require an annexation to a special district. However, the existing code section implies that LAFCO has an approval power for these types of proposals, which it does not. AB 2259 would clarify that LAFCO is authorized to review and comment on these type of proposals for consistency with the Cortese-Knox-Hertzberg Local Government Reorganization Act of 2000 – the law that LAFCO administers. In terms of local application, this bill would clarify LAFCO's role and responsibility in addressing development projects proposed for unincorporated territory that does not require a change of organization of a local government agency. This clarification would assist LAFCO in reviewing and commenting on any proposed development projects for the Angwin community, which has been discussed as part of the current update to the County of Napa General Plan.

**Recommendation: Support**

AB 1602 (Laird): Restoration of Vehicle License Fee Revenue for Newly Incorporated Cities and Cities Annexing Inhabited Territory

Existing law partially allocates vehicle license fee (VLF) revenue to cities based on population. Prior to 2004, the law calculated VLF revenues for newly incorporated cities by multiplying the number of registered voters by three for the first seven years. This calculation provided new cities with additional revenue to help with the cost of establishing a new city government. In 2004, California voters deleted this VLF calculation for new cities with the passage of Proposition 1A. AB 1602 would restore special VLF funding for a five year period to new cities incorporated on or after August 5, 2004, and before July 1, 2009. This bill would also provide additional VLF allocations to cities that annex territory based on the population of the annexed area.

The current allocation of VLF revenue does produce a financial disincentive for the incorporation of new cities and the annexation of unincorporated territory. AB 1602 would address this disincentive by providing a more equitable distribution of revenues that recognizes the cost of establishing a new city government as well as annexing territory. Locally, this bill would address the existing disadvantage for the City of Napa to annex any of its unincorporated islands by providing the City with additional VLF revenue to account for increases in its service costs. Additionally, although it is not likely to occur by 2009, this bill would also help fund the start-up costs associated with a new incorporation in Napa County.

**Recommendation: Support**

**AB 3074 (Assembly Local Government Committee): Omnibus Bill**

This is the annual omnibus bill sponsored by CALAFCO that proposes several non-substantive changes to the Cortese-Knox-Hertzberg Local Government Reorganization Act of 2000 as well as to other laws LAFCO helps to administer. This bill would address outdated or incorrect cross-references and provide clarification on certain definitions and processing requirements.

**Recommendation: Support**

**RECOMMENDATION**

It is recommended for the Commission to take the following action:

1. Adopt a position of *support* for AB 2158, AB 2223, AB 2259, AB 1602, and AB 3074, and direct the Executive Officer to send letters expressing this position to the authors.

Respectfully submitted,

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Keene Simonds  
Executive Officer

**Attachments:**

1. CALAFCO Legislative Report to the Board of Directors, June 30, 2006
2. Legislative Council Digest Summaries with Amended Bill Text