



Local Agency Formation Commission
LAFCO of Napa County

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Agenda Item No. 8a (Discussion)

July 27, 2009

TO: Local Agency Formation Commission

FROM: Keene Simonds, Executive Officer

SUBJECT: Legislative Report

The Commission will receive a report on the first year of the 2009-2010 session of the California Legislature as it relates to bills directly or indirectly effecting Local Agency Formation Commissions. The report also identifies potential legislative items for the second year and is being presented to the Commission for review and discussion.

The Executive Officer is a member of the California Association of Local Agency Formation Commissions' (CALAFCO) Legislative Committee. The Legislative Committee meets on a regular basis to review, discuss, and offer recommendations to the CALAFCO Board of Directors as it relates to bills that have either a direct impact on LAFCO law or the laws LAFCO helps to administer. The most recent meeting of the Legislative Committee was held on Friday, July 24 2009 by way of a conference call.

A. Discussion and Analysis

The first year of the 2009-2010 session of the California Legislature has generated over 2,600 bills. The Legislative Committee has identified 28 bills with direct or indirect impacts on LAFCOs. Several of the bills were initially introduced as placeholders and have been amended and now propose substantive changes to LAFCO law. A complete list of the bills under review by CALAFCO is attached. Specific bills of interest to the Commission are discussed and analyzed below.

Senate Bill 215 (Senate Committee on Local Government)

This legislation is sponsored by CALAFCO and would add to the factors LAFCOs must consider in reviewing proposals to include consistency of the proposed action with regional transportation plans. Notably, this bill was recently amended to exclude any direct reference to the consistency of a proposed action with a regional transportation plan's sustainable communities strategy. The bill has passed through the Senate and now requires Assembly approval.

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Representative of the General Public

Keene Simonds
Executive Officer

Assembly Bill 853 (Juan Arambula)

This legislation would establish new procedures for county board of supervisors to initiate proposals seeking LAFCO approval to annex unincorporated islands or “fringe communities” that lack adequate public infrastructure. The legislation defines a fringe community as any inhabited (12 or more registered voters) land located within a city’s sphere of influence. The legislation would require LAFCOs to approve an annexation unless it finds the proposal will not result in a net benefit to the community’s public health. The legislation would waive protest proceedings and the traditional requirement that land be rezoned by cities as a precondition to annexation. The legislation would also establish a process for LAFCO to determine a property tax agreement for the annexation. This legislation has become a two-year bill and remains in the Assembly. CALAFCO has adopted an oppose-unless-amended position on the bill.

Assembly Bill 1109 (Sam Blakeslee)

This legislation would authorize LAFCOs to appoint administrators to assume control of non-performing special districts. The need for the potential legislation is drawn from the recent actions of a large special district in San Luis Obispo County in which ineffective decision-making by the board directly led to the agency becoming inoperable and insolvent. This legislation has become a two-year bill and remains in the Assembly. CALAFCO has adopted a watch position.

Assembly Bill 528 (Jim Silva)

This legislation is sponsored by CALAFCO and would conform the reporting and disclosure requirements of LAFCO law to make it consistent with the provisions of the Political Reform Act of 1974. The intent of the legislation is to eliminate potential confusion for affected parties by affirming the Political Reform Act governs financial disclosure requirements for LAFCO unless an individual LAFCO requires by policy additional information. The Fair Political Practices Commission participated in drafting the proposed language. This bill has passed through the Assembly and Senate and is now awaiting approval by the Governor.

Assembly Bill 1582 (Assembly Committee on Local Government)

This legislation represents CALAFCO’s annual omnibus bill and proposes several non-controversial changes to LAFCO law. This includes requiring LAFCOs to adopt spheres of influence for special districts no later than one year after their formations. The bill was also recently amended to allow LAFCOs to waive protest proceedings for uninhabited changes of organization in which private railroad companies are affected landowners and have not submitted written opposition to the proceeding. (Current law requires LAFCO to receive written consent from all landowners to waive protest proceedings.) This bill has passed through the Assembly and Senate and is now awaiting approval by the Governor.

Additionally, the Legislative Committee has identified several potential new items for consideration during the second session. Notable items are outlined below.

Amending California Revenue and Taxation Code Section 99

The Legislative Committee believes amendments are needed to clarify and improve processing requirements under this code section as it relates to affected agencies negotiating property tax agreements as part of proposed changes of organization, such as annexations. A subcommittee has been formed and tasked with presenting recommendations for future discussion. Staff believes changes are needed, especially given the initial 60 day period for the agencies to adopt resolutions agreeing to property tax exchanges appears inadequate due to time constraints. Staff has suggested one of the amendments should extend the negotiation period to 90 days.

Converting Resort Improvement Districts and Municipal Improvement Districts to Community Services Districts

As previously discussed, Senate Committee on Local Government staff have expressed interest in pursuing special legislation in 2010 to streamline the reorganization of municipal improvement districts (MIDs) and resort improvement districts (RIDs) into community services districts (CSDs). The intent of the special legislation is to empower and encourage LAFCOs to work with affected special districts to transfer their governing authorities from discontinued principal acts to CSD law. It is currently envisioned the special legislation would allow LAFCOs to authorize the reorganization of RIDs or MIDs into CSDs without changing their services or boundaries while waiving protest proceedings as long as affected districts do not file objections. The Commission issued a letter of support for this legislation on April 6, 2009 (attached).

Amending Government Code Section 56133 to Eliminate Recycled Water Exemptions

Staff has suggested the Legislative Committee explore amendments to this code section to eliminate the existing exemption for outside service contracts involving recycled water. Staff believes the exemption undermines LAFCOs mandates to coordinate orderly growth given recycled water (a) increasingly supports urban development and the (b) establishment of regulatory oversight will help protect agencies' investments in related infrastructure and facilities. As part of an amendment, staff has also suggested it would be sensible to allow LAFCOs to approve new or extended recycled water services beyond an agency's sphere without having to make a public health or safety finding.

B. Commission Review

The Commission is invited to discuss any of the legislation outlined in this report or in the attached report prepared by CALAFCO. The Commission may also provide direction to staff with respect to preparing comment letters on any current or future legislation.

Attachments:

- ~~1) CALAFCO Status Report on Current Legislation~~
- ~~2) Commission Letter to Senate Committee on Local Government, April 6, 2009~~