



**Local Agency Formation Commission of Napa County**  
Subdivision of the State of California

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*We Manage Local Government Boundaries, Evaluate Municipal Services, and Protect Agriculture*

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**Agenda Item 8a (Action)**

**TO:** Local Agency Formation Commission

**PREPARED BY:** Brendon Freeman, Executive Officer *B F*  
Dawn Mittleman Longoria, Assistant Executive Officer *DML*

**MEETING DATE:** April 8, 2024

**SUBJECT:** Legislative Report and Proposed Positions on Bills

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**RECOMMENDATION**

It is recommended by the Commission’s Legislative Committee that the Commission authorize the Executive Officer to submit letters to the Legislature in support of Assembly Bill (AB) 817 and Senate Bill (SB) 1209. It is also recommended the Commission discuss AB 3277 and consider taking a position.

**BACKGROUND AND SUMMARY**

Chair Cottrell and Commissioner Painter currently serve on the Commission’s Legislative Committee (“the Committee”), which is an ad hoc subcommittee responsible for reviewing proposed legislation affecting LAFCOs and making recommendations to the Commission with respect to taking formal positions.

On March 11, 2024, the Committee met to discuss the following items:

- 1) Review the *Legislative Policy* (Attachment One):  
Committee will continue to discuss areas of improvement and staff may return with proposed amendments to the *Legislative Policy* at a future meeting.
- 2) Review the Commission’s adopted *Legislative Platform* (Attachment Two):  
The Committee identified several opportunities for improvement to better align the Commission’s legislative framework with the priority issues that are included in the Commission’s current strategic plan. Staff anticipates returning with proposed amendments to the *Legislative Platform* in the foreseeable future.

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Margie Mohler, Commissioner  
Councilmember, Town of Yountville

Beth Painter, Commissioner  
Councilmember, City of Napa

Mariam Aboudamous, Alternate Commissioner  
Councilmember, City of American Canyon

Anne Cottrell, Chair  
County of Napa Supervisor, 3rd District

Belia Ramos, Commissioner  
County of Napa Supervisor, 5th District

Joelle Gallagher, Alternate Commissioner  
County of Napa Supervisor, 1st District

Kenneth Leary, Vice Chair  
Representative of the General Public

Eve Kahn, Alternate Commissioner  
Representative of the General Public

Brendon Freeman  
*Executive Officer*

3) Review proposed legislation affecting LAFCOs:

The California Association of LAFCOs (CALAFCO) monitors legislation affecting LAFCOs and provides a daily legislative report. The Committee reviewed the report dated March 10, 2024, included as Attachment Three. The Committee also considered the positions taken by CALAFCO, Cal Cities, and California State Association of Counties (CSAC). The Committee recommends the Commission support AB 817 and SB 1209. The Committee also discussed AB 3277 as a bill of interest that may merit a support position. A summary follows:

- AB 817, included as Attachment Four, was introduced by Assemblymember Pacheco and relates to alternative teleconferencing provisions for public meetings. This measure would remove barriers to entry for appointed and elected officials by allowing nondecision-making legislative bodies to participate in two-way virtual teleconferencing without posting each official's location.
  - CALAFCO is watching the bill. Cal Cities and CSAC are both sponsors of the bill. The Committee recommends the Commission take a support position.
  
- SB 1209, included as Attachment Five, was introduced by Senator Cortese and would remedy an issue related to indemnification for LAFCO actions on proposals.
  - CALAFCO supports the bill and requested all LAFCOs do the same. Cal Cities is watching the bill. CSAC's position is pending. The Committee recommends the Commission take a support position.
  
- AB 3277, included as Attachment Six, was introduced by the Assembly Committee on Local Government as an Omnibus bill to address ad valorem tax calculations. Existing law requires LAFCO to determine the amount of property tax revenue to be exchanged by an affected local agency as part of any proposal that includes the formation of a special district. This bill would, instead, require LAFCO to determine the amount of property tax revenue to be exchanged by an affected local agency if the proposal includes the formation of a district *if the applicant is seeking a share of the 1% ad valorem property taxes*.
  - CALAFCO supports the bill and requested all LAFCOs do the same. Cal Cities has taken no position. CSAC is watching the bill. The Committee recommends the Commission discuss AB 3277 and consider taking a position.

Notably, if the Commission approves a support position for any bill, the Executive Officer will be authorized to submit support letters to all appropriate legislative bodies (i.e., Assembly and Senate committees) and individuals (i.e., bill authors and Governor) as the bill moves through the legislative cycle.

If a bill is later amended, the Committee will review the amendments and provide an update to the Commission prior to the submittal of further position letters to the Legislature.

## **ATTACHMENTS**

- 1) Legislative Policy
- 2) Legislative Platform
- 3) CALAFCO Legislative Report (Dated March 10, 2024)
- 4) AB 817
- 5) SB 1209
- 6) AB 3277



## LOCAL AGENCY FORMATION COMMISSION OF NAPA

### *Legislative Policy*

(Adopted: December 4, 2017; Last Amended: April 3, 2023)

- 1) The Local Agency Formation Commission (LAFCO) of Napa County (“the Commission”) shall annually establish an ad hoc committee, which shall terminate at the end of the calendar year, and appoint two members (“Legislative Committee”) to advise staff as described in this policy.
- 2) The Legislative Committee shall, at least annually, review this policy, the Commission’s adopted legislative platform, and the California Association of Local Agency Formation Commissions (CALAFCO)’s legislative policies. Based on communication with the Legislative Committee, staff shall present recommendations to the full Commission with respect to any appropriate amendments to this policy or the local legislative platform.
- 3) The Legislative Committee shall, at least annually, review proposed legislation affecting LAFCO. Based on communication with the Legislative Committee, staff shall continue monitoring proposed legislation and present recommendations to the full Commission with respect to formal positions on proposed legislation.
- 4) In the event that proposed legislation affecting LAFCO cannot be considered by the full Commission due to timing, the Executive Officer and Assistant Executive Officer are authorized to submit written correspondence to the appropriate entity regarding the Commission’s position if the position is consistent with the local legislative platform. The Chair, or the Vice Chair if the Chair is unavailable, shall review and approve the written correspondence prior to submittal by the Executive Officer or Assistant Executive Officer.
- 5) All submitted correspondence pursuant to this policy will be included on the next available Commission agenda.



## LOCAL AGENCY FORMATION COMMISSION OF NAPA

### *Legislative Platform*

(Adopted: February 5, 2018; Last Amended: April 4, 2022)

The following core guiding principles underlie the Local Agency Formation Commission (LAFCO) of Napa County's activities. Each of these principles is centered on Napa LAFCO having in-depth, active communication with respect to all relevant constituents.

- Municipal Service Reviews based on local agency, Napa County, & LAFCO needs
- Re-writing policies (on a schedule) to be comprehensive, effective, and transparent
- Forecasting issues relating to local services and boundaries, as well as State legislation
- Active involvement of agency constituents in problem-solving local agency sustainability
- Engagement with local city/town general plan updates
- Active with local agencies in managing housing growth and related issues including transportation

The following serves as Napa LAFCO's Legislative Platform for purposes of informing actions relating to proposed legislation. Napa LAFCO will first review and consider the positions of the California Association of Local Agency Formation Commissions (CALAFCO), the League of California Cities, and the California State Association of Counties before recommending the full Commission take a formal position on proposed legislation.

### **1. LAFCO Purpose and Authority**

- 1.1 Support legislation which enhances Napa LAFCO's authority and powers to carry out the legislative findings and authority in Government Code §56000 et seq., and oppose legislation which diminishes Napa LAFCO's authority.
- 1.2 Support authority for Napa LAFCO to establish local policies to apply Government Code §56000 et seq. based on local needs and conditions, and oppose any limitations to that authority.
- 1.3 Oppose additional Napa LAFCO responsibilities which require expansion of current local funding sources. Oppose unrelated responsibilities which dilute Napa LAFCO's ability to meet its primary mission.
- 1.4 Support alignment of responsibilities and authority of Napa LAFCO and regional agencies which may have overlapping responsibilities in orderly growth, preservation, and service delivery, and oppose legislation or policies which create conflicts or hamper those responsibilities.

- 1.5 Oppose grants of special status to any individual agency or proposal to circumvent the Napa LAFCO process.
- 1.6 Support individual commissioner responsibility that allows each commissioner to independently vote their conscience on issues affecting their own jurisdiction.
- 1.7 Support the independence of Napa LAFCO from local agencies.
- 1.8 Support recognition of Napa LAFCO's spheres of influence by other agencies involved in determining and developing long-term growth and infrastructure plans.
- 1.9 Support efforts to acquire funding for local projects if the funding efforts are supported by the CALAFCO Board of Directors.

## **2. Agricultural, Watershed, and Open Space Protection**

- 2.1. Support legislation which clarifies Napa LAFCO's authority to identify, encourage, and ensure the preservation of agricultural, watershed, and open space lands.
- 2.2. Support policies which encourage cities, counties and special districts to direct development away from agricultural, watershed, and open space lands.
- 2.3. Support policies and tools which protect agricultural, watershed, and open space lands.
- 2.4. Support the continuance of the Williamson Act and restoration of program funding through State subvention payments.
- 2.5. Support the recognition and use of spheres of influence as a management tool to provide better planning of growth and development, and to preserve agricultural, watershed, and open space lands.

## CALAFCO Daily Legislative Report as of Sunday, March 10, 2024

### **AB 817 (Pacheco D) Open meetings: teleconferencing: subsidiary body.**

**Current Text:** Amended: 1/17/2024 [html](#) [pdf](#)

**Introduced:** 2/13/2023

**Last Amended:** 1/17/2024

**Status:** 1/25/2024-Read third time. Passed. Ordered to the Senate. (Ayes 54. Noes 8.) In Senate. Read first time. To Com. on RLS. for assignment.

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

#### **Summary:**

The Ralph M. Brown Act requires, with specified exceptions, each legislative body of a local agency to provide notice of the time and place for its regular meetings and an agenda containing a brief general description of each item of business to be transacted. The act also requires that all meetings of a legislative body be open and public, and that all persons be permitted to attend unless a closed session is authorized. The act generally requires for teleconferencing that the legislative body of a local agency that elects to use teleconferencing post agendas at all teleconference locations, identify each teleconference location in the notice and agenda of the meeting or proceeding, and have each teleconference location be accessible to the public. Existing law also requires that, during the teleconference, at least a quorum of the members of the legislative body participate from locations within the boundaries of the territory over which the local agency exercises jurisdiction. Current law authorizes the legislative body of a local agency to use alternate teleconferencing provisions during a proclaimed state of emergency (emergency provisions) and, until January 1, 2026, in certain circumstances related to the particular member if at least a quorum of its members participate from a singular physical location that is open to the public and situated within the agency's jurisdiction and other requirements are met (nonemergency provisions). This bill, until January 1, 2026, would authorize a subsidiary body, as defined, to use similar alternative teleconferencing provisions and would impose requirements for notice, agenda, and public participation, as prescribed. In order to use teleconferencing pursuant to this act, the bill would require the legislative body that established the subsidiary body by charter, ordinance, resolution, or other formal action to make specified findings by majority vote, before the subsidiary body uses teleconferencing for the first time and every 12 months thereafter.

**Position:** Watch

**Subject:** Brown Act

**CALAFCO Comments:** 1/25/2024; Moved out of the Assembly. Waiting on assignment from Senate Rules Committee.

1/17/2024: Amended to add a Sunset date of January 1, 2026.

3/16/2023: The bill was amended to speak specifically to teleconferenced meetings of subsidiary bodies, defined as a body that serves exclusively in an advisory capacity, and is not authorized to take final action on legislation, regulations, contracts, licenses, permits, or any other entitlements. For qualifying bodies, this bill would remove the requirement to post an agenda at the location of the subsidiary body member who was participating from off site- providing that the legislative body that formed the subsidiary body has previously made findings noting that teleconferenced meetings of the subsidiary body would enhance public access, and would promote the attractions, retention and diversity of the subsidiary body. The superior legislative body would need to revisit the matter and repeat those finding every 12 months thereafter. This bill also reaffirms that other provisions of the Brown Act are applicable to subsidiary bodies.

Failed to meet deadlines and now a 2 year bill that cannot be acted upon until January, 2024.

**AB 828 (Connolly D) Sustainable groundwater management: managed wetlands.**

**Current Text:** Amended: 1/11/2024 [html](#) [pdf](#)

**Introduced:** 2/13/2023

**Last Amended:** 1/11/2024

**Status:** 1/29/2024-Read third time. Passed. Ordered to the Senate. (Ayes 47. Noes 15.) In Senate. Read first time. To Com. on RLS. for assignment.

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

**Summary:**

The Sustainable Groundwater Management Act requires all groundwater basins designated as high- or medium-priority basins by the Department of Water Resources to be managed under a groundwater sustainability plan or coordinated groundwater sustainability plans, except as specified. Current law defines various terms for purposes of the act. This bill would add various defined terms for purposes of the act, including the terms "managed wetland" and "small community water system."

**Position:** None at this time

**Subject:** Water

**CALAFCO Comments:** 1/11/24: Amended to strike provisions regarding small community water systems serving disadvantaged communities and pivots to groundwater sustainability agencies with provisions that go into effect on January 1, 2028, that address spacing requirements on new groundwater wells, extraction controls, authorization for temporary and permanent transfers with an agency's boundaries, and to establish accounting rules.

4/17/2023: Amended to define agencies and entities required or excluded from existing 10726.4 (a)(4). Amends Water Code section 10730.2 to add language regarding fees, and amends Water Code section 10733 to address groundwater sustainability plans.

Failed to make April policy committee deadline and now cannot be acted upon until January 2024.

As introduced, would add definitions for Managed Wetlands, and Small community water system to Water Code Section 10721.



**[AB 930](#) (Friedman D) Local government: Reinvestment in Infrastructure for a Sustainable and Equitable California (RISE) districts.**

**Current Text:** Amended: 1/22/2024 [html](#) [pdf](#)

**Introduced:** 2/14/2023

**Last Amended:** 1/22/2024

**Status:** 1/29/2024-Read third time. Passed. Ordered to the Senate. (Ayes 52. Noes 16.) In Senate. Read first time. To Com. on RLS. for assignment.

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

**Summary:**

Would authorize the legislative bodies of 2 or more cities or counties to jointly form a Reinvestment in Infrastructure for a Sustainable and Equitable California district (RISE district) in accordance with specified procedures. The bill would authorize a special district to join a RISE district, by resolution, as specified. The bill would require the Office of Planning and Research (OPR) to develop guidelines for the formation of RISE districts no later than November 30, 2026. The bill would provide for the establishment of a governing board of a RISE district with representatives of each participating local government.

**Position:** Neutral

**Subject:** Special District Principle Acts

**CALAFCO Comments:** 1/22/2024 Amended to remove section of definitions, change the word "standards" to "guidelines", and to strike section 62412 relative to the elements of a RISE development plan to be reviewed.

Missed 2023 deadlines and became a 2 year bill.

This bill has a similar overtone to SB 852 Dodd in 2022 regarding the formation of climate resilience districts outside of the LAFCo process. As introduced, it focuses on the generation of funding and the governance of the expenditure of those funds. However, it should be carefully tracked in case that mission is expanded.

**[AB 1928](#) (Sanchez R) Worker classification: employees and independent contractors.**

**Current Text:** Amended: 3/4/2024 [html](#) [pdf](#)

**Introduced:** 1/25/2024

**Last Amended:** 3/4/2024

**Status:** 3/6/2024-Re-referred to Com. on L. & E.

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

**Summary:**

Current law, as established in the case of Dynamex Operations W. v. Superior Court (2018) 4 Cal.5th 903 (Dynamex), creates a presumption that a worker who performs services for a hirer is an employee for purposes of claims for wages and benefits arising under wage orders issued by the Industrial Welfare Commission. Current law requires a 3-part test, commonly known as the "ABC" test, to determine if workers are employees or independent contractors for those purposes. Current law establishes that, for purposes of the Labor Code, the Unemployment Insurance Code, and the wage orders of the Industrial Welfare

Commission, a person providing labor or services for remuneration is considered an employee rather than an independent contractor unless the hiring entity demonstrates that the person is free from the control and direction of the hiring entity in connection with the performance of the work, the person performs work that is outside the usual course of the hiring entity’s business, and the person is customarily engaged in an independently established trade, occupation, or business. This test is known as the “ABC” test, as described above. This bill would repeal the above-described provisions that codify the ABC test. The bill would declare that its purpose is to suspend and nullify the California Supreme Court’s decision in Dynamex and provide that this decision does not apply for purposes of California law.

**CALAFCO Comments:** Of interest to CALAFCO because of its potential effect on operations.  
 1/25/2024, bill introduced. AB 1928 would repeal the provisions that were enacted by the passage of AB 5 in 2019. Known as the Gig Worker law, AB 5 reclassified which workers could be considered as contractors. A limited number of professional categories were set aside and excluded from the law. However, those not included in the exclusions were required, under new reclassification requirements, to be considered as employees regardless of whether they were performing the services in connection to an ongoing business. The shift required CALAFCO to amend its internal practices to re-classify its contractors to employees, resulting in increased costs, as well as extra reporting requirements.

**AB 1987 (Bennett D) Local government.**

**Current Text:** Introduced: 1/30/2024 [html](#) [pdf](#)

**Introduced:** 1/30/2024

**Status:** 1/31/2024-From printer. May be heard in committee March 1.

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

**Summary:**

Current law sets forth provisions for the formation, duties, and other authorizations, among other things, relating to cities, counties, cities and counties, and other local agencies. This bill would state the intent of the Legislature to enact legislation relating to local government.

**Position:** None at this time

**CALAFCO Comments:** Spot holder bill relative to local government. Monitoring because of its topic.

**AB 2302 (Addis D) Open meetings: local agencies: teleconferences.**

**Current Text:** Introduced: 2/12/2024 [html](#) [pdf](#)

**Introduced:** 2/12/2024

**Status:** 2/26/2024-Referred to Com. on L. GOV.

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

**Summary:**

The Ralph M. Brown Act generally requires for teleconferencing that the legislative body of a local agency that elects to use teleconferencing post agendas at all teleconference locations, identify each teleconference location in the notice and

agenda of the meeting or proceeding, and have each teleconference location be accessible to the public. Current law also requires that, during the teleconference, at least a quorum of the members of the legislative body participate from locations within the boundaries of the territory over which the local agency exercises jurisdiction. The act provides an exemption to the jurisdictional requirement for health authorities, as defined. Current law, until January 1, 2026, authorizes the legislative body of a local agency to use alternative teleconferencing in specified circumstances if, during the teleconference meeting, at least a quorum of the members of the legislative body participates in person from a singular physical location clearly identified on the agenda that is open to the public and situated within the boundaries of the territory over which the local agency exercises jurisdiction, and the legislative body complies with prescribed requirements. Current law imposes prescribed restrictions on remote participation by a member under these alternative teleconferencing provisions, including establishing limits on the number of meetings a member may participate in solely by teleconference from a remote location, prohibiting such participation for a period of more than 3 consecutive months or 20% of the regular meetings for the local agency within a calendar year, or more than 2 meetings if the legislative body regularly meets fewer than 10 times per calendar year. This bill would revise those limits, instead prohibiting such participation for more than a specified number of meetings per year, based on how frequently the legislative body regularly meets.

**Position:** Watch

**Subject:** Brown Act

**CALAFCO Comments:** Introduced on 2/12/2024, this bill would enact changes to Brown Act provisions that allow members of legislative bodies to teleconference for meetings. Currently, the law limits teleconferencing to no more than 3 consecutive months, 20% of the regular meetings in a calendar year, or 2 meetings for bodies that meet less than 10 times in a calendar year. This bill redefines those limits as 2 meetings per year for bodies meeting monthly or less; 5 meetings per year for those meeting twice per month; or 7 meetings per year if the body meetings three times or more per month.

**AB 2557 (Ortega D) Local agencies: legislative bodies.**

**Current Text:** Introduced: 2/14/2024 [html](#) [pdf](#)

**Introduced:** 2/14/2024

**Status:** 2/15/2024-From printer. May be heard in committee March 16.

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

**Summary:**

Current law defines the term "legislative body" for purposes of laws relating to cities, counties, and other local agencies. This bill would make a nonsubstantive change to that definition.

**Position:** Placeholder - Spot Bill

**CALAFCO Comments:** Spotholder relative to GC section 53000. Monitoring.

**AB 2596 (Lee D) Government operations.**

**Current Text:** Introduced: 2/14/2024 [html](#) [pdf](#)

**Introduced:** 2/14/2024

**Status:** 2/15/2024-From printer. May be heard in committee March 16.

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

**Summary:**

Current law establishes the Government Operations Agency, which consists of several departments, including the Department of General Services. Current law requires the department to develop and enforce policy and procedures and institute or cause the institution of those investigations and proceedings as it deems proper to assure effective operation of all functions performed by the department and to conserve the rights and interests of the state. This bill would state the intent of the Legislature to enact legislation related to government operations.

**Position:** Placeholder - Spot Bill

**CALAFCO Comments:** Spotholder as introduced on 2/14/2024. Monitoring for changes as the Leg Counsel description mentions CKH.

**[AB 2715](#) ([Boerner D](#)) **Ralph M. Brown Act: closed sessions.****

**Current Text:** Introduced: 2/14/2024 [html](#) [pdf](#)

**Introduced:** 2/14/2024

**Status:** 3/4/2024-Referred to Com. on L. GOV.

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

**Summary:**

The Ralph M. Brown Act generally requires that all meetings of a legislative body of a local agency be open and public and that all persons be permitted to attend and participate. Current law authorizes a legislative body to hold a closed session on, among other things, matters posing a threat to the security of essential public services, as specified. This bill would additionally authorize a closed session to consider or evaluate matters related to cybersecurity, as specified, provided that any action taken on those matters is done in open session.

**Position:** None at this time

**Subject:** Brown Act

**CALAFCO Comments:** As introduced on 2/14/2024, would make minor changes in the Brown Act. Monitoring.

**[AB 3152](#) ([Jones-Sawyer D](#)) **Local government.****

**Current Text:** Introduced: 2/16/2024 [html](#) [pdf](#)

**Introduced:** 2/16/2024

**Status:** 2/17/2024-From printer. May be heard in committee March 18.

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

**Summary:**

The Cortese-Knox-Hertzberg Local Government Reorganization Act of 2000 provides the exclusive authority and procedure for the initiation, conduct, and completion of changes of organization and reorganization for cities and districts, except as specified. This bill would make nonsubstantive changes to those provisions.

**Position:** Placeholder - Spot Bill

**CALAFCO Comments:** Spotholder bill that references GC 56000.

**[SB 537](#) ([Becker D](#)) **Open meetings: multijurisdictional, cross-county agencies: teleconferences.****

**Current Text:** Amended: 9/5/2023 [html](#) [pdf](#)

**Introduced:** 2/14/2023

**Last Amended:** 9/5/2023

**Status:** 9/14/2023-Ordered to inactive file on request of Assembly Member Bryan.

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

**Summary:**

Current law, until January 1, 2024, authorizes the legislative body of a local agency to use alternate teleconferencing provisions during a proclaimed state of emergency or in other situations related to public health that exempt a legislative body from the general requirements (emergency provisions) and impose different requirements for notice, agenda, and public participation, as prescribed. The emergency provisions specify that they do not require a legislative body to provide a physical location from which the public may attend or comment. Current law, until January 1, 2026, authorizes the legislative body of a local agency to use alternative teleconferencing in certain circumstances related to the particular member if at least a quorum of its members participate from a singular physical location that is open to the public and situated within the agency's jurisdiction and other requirements are met, including restrictions on remote participation by a member of the legislative body. These circumstances include if a member shows "just cause," including for a childcare or caregiving need of a relative that requires the member to participate remotely. This bill would expand the circumstances of "just cause" to apply to the situation in which an immunocompromised child, parent, grandparent, or other specified relative requires the member to participate remotely. The bill would authorize the legislative body of a multijurisdictional, cross-county agency, as specified, to use alternate teleconferencing provisions if the eligible legislative body has adopted an authorizing resolution, as specified. The bill would also require the legislative body to provide a record of attendance of the members of the legislative body, the number of community members in attendance in the teleconference meeting, and the number of public comments on its internet website within 10 days after a teleconference meeting, as specified. The bill would require at least a quorum of members of the legislative body to participate from one or more physical locations that are open to the public and within the boundaries of the territory over which the local agency exercises jurisdiction.

**Position:** Watch

**Subject:** Brown Act

**CALAFCO Comments:** This is a spotholder bill that states an intent to expand local government's access to hold public meetings through teleconferencing and remote access.

3/22/2023: was amended and fleshed out to add teleconferencing provisions to allow legislative bodies of multijurisdictional agencies to meet remotely. Multijurisdictional agencies are defined as boards, commissions, or advisory bodies

of a multijurisdictional, cross county agency, which is composed of appointed representatives from more than one county, city, city and county, special district, or a joint powers entity.

The bill is sponsored by Peninsula Clean Energy, a community choice aggregator with a board comprised of local elected officials from the County of San Mateo and its 20 cities, as well as the City of Los Banos.

4/24/2023: The bill was amended to further clarify definitions and the requirements needed for members of an eligible legislative body to meet remotely.

The bill passed Senate Judiciary on 5/2/23, and had its third reading in the Senate on 5/30/2023.

7/12/23: The bill passed the Assembly Local Government Committee.

Amended on August 14, 2023, to require eligible legislative bodies that receive compensation to participate from a physical location that is open to the public.

9/14/2023, the bill was moved into the inactive file.

**SB 768 (Caballero D) California Environmental Quality Act: State Air Resources Board: vehicle miles traveled: study.**

**Current Text:** Amended: 1/11/2024 [html](#) [pdf](#)

**Introduced:** 2/17/2023

**Last Amended:** 1/11/2024

**Status:** 1/29/2024-Read third time. Passed. (Ayes 34. Noes 4.) Ordered to the Assembly. In Assembly. Read first time. Held at Desk.

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

**Summary:**

The California Environmental Quality Act (CEQA) requires a lead agency to prepare a mitigated negative declaration for a project that may have a significant effect on the environment if revisions in the project would avoid or mitigate that effect and there is no substantial evidence that the project, as revised, would have a significant effect on the environment. Current law requires the Office of Planning and Research to prepare, develop, and transmit to the Secretary of the Natural Resources Agency for certification and adoption proposed revisions to guidelines establishing criteria for determining the significance of transportation impacts of projects within transit priority areas to promote the reduction of greenhouse gas emissions, the development of multimodal transportation networks, and a diversity of land uses. Current law creates the State Air Resources Board as the state agency charged with coordinating efforts to attain and maintain ambient air quality standards, to conduct research into the causes of and solution to air pollution, and to systematically attack the serious problem caused by motor vehicles, which is the major source of air pollution in many areas of the state. Existing law authorizes the state board to do those acts as may be necessary for the proper execution of the powers and duties granted to, and imposed upon, the state board. This bill would require the state board, by January 1, 2026, to conduct and submit to the Legislature a study on how vehicle miles traveled is used as a metric for measuring transportation impacts pursuant to CEQA, as specified.

**Subject:** CEQA

**CALAFCO Comments:** Introduced as a spotholder bill that noted an intent to enact subsequent legislation that would create a new transportation impact analysis for rural areas for purposes of the California Environmental Quality Act. 3/22/2023: The bill was amended and would add language into the Public Resource Code to provide that a public agency, in approving or carrying out certain types of projects, is not required to issue a statement of overriding consideration for significant effects on the environment identified by a project's vehicle miles traveled if the lead agency has imposed all feasible mitigation measures on the project and it finds no feasible alternatives to the project.

Failed to meet deadlines and now a 2 year bill that cannot be acted upon until January, 2024.

1/11/2024: Gutted and Amended. Topic now specific to a study by the state regarding vehicle miles traveled in CEQA studies. Continuing to monitor for any detrimental changes to CEQA but, at this time, bill is not a concern to CALAFCO.

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**AB 3277 (Committee on Local Government) Local agency formation commission: districts: property tax.**

**Current Text:** Introduced: 2/27/2024 [html](#) [pdf](#)

**Introduced:** 2/27/2024

**Status:** 2/28/2024-From printer. May be heard in committee March 29.

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

**Summary:**

The Cortese-Knox-Hertzberg Local Government Reorganization Act of 2000 establishes the sole and exclusive authority and procedures for the initiation, conduct, and completion of changes of organization and reorganization for cities and districts. Current law requires proceedings for the formation of a district to be conducted as authorized by the principal act of the proposed district, and authorizes the local agency formation commission in each county to serve as the conducting authority, as specified. Current law requires a commission to determine the amount of property tax revenue to be exchanged by an affected local agency, as specified, if the proposal includes the formation of a district, as defined. This bill would, instead, require a commission to determine the amount of property tax revenue to be exchanged by an affected local agency if the proposal includes the formation of a district and the applicant is seeking a share of the 1% ad valorem property taxes.

**Position:** Sponsor

**Subject:** Incorporation Proceedings

**CALAFCO Comments:** CALAFCO's 2024 Omnibus bill.

**SB 1209 (Cortese D) Local agency formation commission: indemnification.**

**Current Text:** Introduced: 2/15/2024 [html](#) [pdf](#)  
**Introduced:** 2/15/2024  
**Status:** 2/29/2024-Referred to Com. on L. GOV.

Desk	<b>Policy</b>	Fiscal	Floor	Desk	<b>Policy</b>	Fiscal	Floor	Conf. Conc.	Enrolled	Vetoed
1st House				2nd House						

**Summary:**

The Cortese-Knox-Hertzberg Local Government Reorganization Act of 2000 continues in existence in each county a local agency formation commission (LAFCO) that consists of members appointed, as specified, and oversees those changes of organization and reorganization. The act authorizes a LAFCO to, among other things, review and approve with or without amendment, wholly, partially, or conditionally, or disapprove proposals for changes of organization or reorganization, as specified. This bill would authorize a LAFCO to require, as a condition for, among other things, processing a change of organization or reorganization, that the applicant agrees to defend, indemnify, and hold harmless the LAFCO, its agents, officers, and employees from and against any claim, action, or proceeding, as specified, arising from or relating to the action or determination by the LAFCO.

**Position:** Sponsor

**Subject:** LAFCo Administration

**CALAFCO Comments:** CALAFCO sponsored bill in response to a 2022 appellate decision out of San Luis Obispo that held that LAFCOs could not use indemnification provisions in applications because indemnifications are a form of agreement that LAFCOs are currently not authorized to enter into. As introduced, the bill would allow LAFCOs to use provisions similar to counties and cities.

**[AB 805](#) ([Arambula D](#)) Sewer service: disadvantaged communities.**

**Current Text:** Amended: 1/22/2024 [html](#) [pdf](#)

**Introduced:** 2/13/2023

**Last Amended:** 1/22/2024

**Status:** 1/30/2024-Read third time. Urgency clause adopted. Passed. Ordered to the Senate. (Ayes 76. Noes 0.). In Senate. Read first time. To Com. on RLS. for assignment.

Desk	Policy	Fiscal	Floor	Desk	<b>Policy</b>	Fiscal	Floor	Conf. Conc.	Enrolled	Vetoed
1st House				2nd House						

**Summary:**

Under current law, the State Water Resources Control Board and the 9 California regional water quality control boards regulate water quality in accordance with the Porter-Cologne Water Quality Control Act and the federal Clean Water Act. Current law authorizes a regional board to order the provision of sewer service by a receiving sewer system, as defined, to a disadvantaged community served by an



inadequate onsite sewage treatment system, as defined. This bill would authorize the state board to require a sewer service provider to contract with an administrator designated or approved by the state board for administrative, technical, operational, legal, or managerial services to assist a designated sewer system with the provision of adequate sewer service, as defined. The bill would also authorize the state board to order a designated sewer system to accept those services, including full management and control of all aspects of the designated sewer system, from an administrator. The bill would define "designated sewer system" for these purposes as a sewer system that serves a disadvantaged community and that the state board finds to be either an inadequate sewage treatment system or a sewer system that has demonstrated difficulty in maintaining technical, managerial, and financial capacity to prevent fraud and mismanagement, or a sewer system that voluntarily accepts financial assistance for the provision of adequate sewer service.

**Position:** Support if Amended

**Subject:** Disadvantaged Communities, Waste Water

**CALAFCO Comments:** 1/26/2024: Support, if amended, approved. Amendment requested is the inclusion of language requiring the state board to consult with the local LAFCO.

1/22/2024: Gutted and amended. No longer addresses consolidation of waste water systems but, rather, would set up a program in which the state would provide technical, managerial, administrative, and financial assistance, where applicable, to disadvantaged communities. Position changed to support if amended to include a provision requiring the state board to consult with the local LAFCO regarding the system.

As introduced, this bill would have authorized the state board, if sufficient funds are available, to order consolidation of sewer service along with an order of consolidation of drinking water systems when both of the receiving and subsumed water systems provide sewer service and after the state board engages in certain activities. It failed to meet 2023 deadlines and became a 2 year bill that cannot be acted upon until January, 2024.

Total Measures: 15

Total Tracking Forms: 15

3/10/2024 9:26:10 AM

AMENDED IN ASSEMBLY JANUARY 17, 2024

AMENDED IN ASSEMBLY MARCH 16, 2023

CALIFORNIA LEGISLATURE—2023–24 REGULAR SESSION

**ASSEMBLY BILL**

**No. 817**

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**Introduced by Assembly Member Pacheco  
(Coauthor: Assembly Member Wilson)**

February 13, 2023

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An act to add *and repeal* Section 54953.05-~~to~~ of the Government Code, relating to local government.

LEGISLATIVE COUNSEL'S DIGEST

AB 817, as amended, Pacheco. Open meetings: teleconferencing: subsidiary body.

Existing law, the Ralph M. Brown Act, requires, with specified exceptions, each legislative body of a local agency to provide notice of the time and place for its regular meetings and an agenda containing a brief general description of each item of business to be transacted. The act also requires that all meetings of a legislative body be open and public, and that all persons be permitted to attend unless a closed session is authorized. The act generally requires for teleconferencing that the legislative body of a local agency that elects to use teleconferencing post agendas at all teleconference locations, identify each teleconference location in the notice and agenda of the meeting or proceeding, and have each teleconference location be accessible to the public. Existing law also requires that, during the teleconference, at least a quorum of the members of the legislative body participate from locations within the boundaries of the territory over which the local agency exercises jurisdiction.

~~Existing law, until January 1, 2024, law authorizes the legislative body of a local agency to use alternate teleconferencing provisions during a proclaimed state of emergency or in other situations related to public health that exempt a legislative body from the general requirements (emergency provisions) and impose and, until January 1, 2026, in certain circumstances related to the particular member if at least a quorum of its members participate from a singular physical location that is open to the public and situated within the agency's jurisdiction and other requirements are met (nonemergency provisions). Existing law imposes different requirements for notice, agenda, and public participation, as prescribed. The emergency provisions specify that they do not require a legislative body to provide a physical location from which the public may attend or comment. prescribed, when a legislative body is using alternate teleconferencing provisions. The nonemergency provisions impose restrictions on remote participation by a member of the legislative body and require the legislative body to specific means by which the public may remotely hear and visually observe the meeting.~~

~~Existing law, until January 1, 2026, authorizes the legislative body of a local agency to use alternative teleconferencing in certain circumstances related to the particular member if at least a quorum of its members participate from a singular physical location that is open to the public and situated within the agency's jurisdiction and other requirements are met, including restrictions on remote participation by a member of the legislative body.~~

~~This bill, until January 1, 2026, would authorize a subsidiary body, as defined, to use similar alternative teleconferencing provisions similar to the emergency provisions indefinitely and without regard to a state of emergency. and would impose requirements for notice, agenda, and public participation, as prescribed. In order to use teleconferencing pursuant to this act, the bill would require the legislative body that established the subsidiary body by charter, ordinance, resolution, or other formal action to make specified findings by majority vote, before the subsidiary body uses teleconferencing for the first time and every 12 months thereafter.~~

~~Existing constitutional provisions require that a statute that limits the right of access to the meetings of public bodies or the writings of public officials and agencies be adopted with findings demonstrating the interest protected by the limitation and the need for protecting that interest.~~

This bill would make legislative findings to that effect.

The California Constitution requires local agencies, for the purpose of ensuring public access to the meetings of public bodies and the writings of public officials and agencies, to comply with a statutory enactment that amends or enacts laws relating to public records or open meetings and contains findings demonstrating that the enactment furthers the constitutional requirements relating to this purpose.

This bill would make legislative findings to that effect.

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

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

1 SECTION 1. Section 54953.05 is added to the Government  
2 Code, to read:  
3 54953.05. (a) (1) The definitions in Section 54953, as that  
4 section may be amended from time to time, apply for purposes of  
5 this section.  
6 (2) For purposes of this section, “subsidiary body” means a  
7 legislative body that meets all of the following:  
8 (A) Is described in subdivision (b) of Section 54952.  
9 (B) Serves exclusively in an advisory capacity.  
10 (C) Is not authorized to take final action on legislation,  
11 regulations, contracts, licenses, permits, or any other entitlements.  
12 (b) A subsidiary body may use teleconferencing without  
13 complying with paragraph (3) of subdivision (b) of Section 54953,  
14 if the subsidiary body complies with all of the following:  
15 (1) The teleconferenced meetings shall be conducted in a manner  
16 that protects the statutory and constitutional rights of the parties  
17 or the public appearing before the subsidiary body.  
18 (2) Each member of the subsidiary body shall participate through  
19 both audio and visual technology.  
20 (3) The subsidiary body shall provide at least one of the  
21 following as a means by which the public may remotely hear and  
22 visually observe the meeting, and remotely address the subsidiary  
23 body:  
24 (A) A two-way audiovisual platform.  
25 (B) A two-way telephonic service and a live webcasting of the  
26 meeting.

1 (4) The subsidiary body shall give notice of the meeting and  
2 post agendas as otherwise required by this chapter.

3 (5) In each instance in which notice of the time of the  
4 teleconferenced meeting is otherwise given or the agenda for the  
5 meeting is otherwise posted, the subsidiary body shall also give  
6 notice of the means by which members of the public may access  
7 the meeting and offer public comment.

8 (6) The agenda shall identify and include an opportunity for all  
9 persons to attend and address the subsidiary body directly pursuant  
10 to Section 54954.3 via a call-in option or via an internet-based  
11 service option.

12 (7) In the event of a disruption that prevents the subsidiary body  
13 from broadcasting the meeting to members of the public using the  
14 call-in option or internet-based service option, or in the event of  
15 a disruption within the subsidiary body's control that prevents  
16 members of the public from offering public comments using the  
17 call-in option or internet-based service option, the subsidiary body  
18 shall take no further action on items appearing on the meeting  
19 agenda until public access to the meeting via the call-in option or  
20 internet-based service option is restored. Actions taken on agenda  
21 items during a disruption that prevents the subsidiary body from  
22 broadcasting the meeting may be challenged pursuant to Section  
23 54960.1.

24 (8) Notwithstanding Section 54953.3, an individual desiring to  
25 provide public comment through the use of an internet website, or  
26 other online platform, not under the control of the subsidiary body,  
27 that requires registration to log in to a teleconference may be  
28 required to register as required by the third-party internet website  
29 or online platform to participate.

30 (9) The subsidiary body shall not require public comments to  
31 be submitted in advance of the meeting and must provide an  
32 opportunity for the public to address the subsidiary body and offer  
33 comment in real time.

34 (A) A subsidiary body that provides a timed public comment  
35 period for each agenda item shall not close the public comment  
36 period for the agenda item, or the opportunity to register, pursuant  
37 to paragraph (8), to provide public comment until that timed public  
38 comment period has elapsed.

39 (B) A subsidiary body that does not provide a timed public  
40 comment period, but takes public comment separately on each

1 agenda item, shall allow a reasonable amount of time per agenda  
2 item to allow public members the opportunity to provide public  
3 comment, including time for members of the public to register  
4 pursuant to paragraph (8), or otherwise be recognized for the  
5 purpose of providing public comment.

6 (C) A subsidiary body that provides a timed general public  
7 comment period that does not correspond to a specific agenda item  
8 shall not close the public comment period or the opportunity to  
9 register, pursuant to paragraph (8), until the timed general public  
10 comment period has elapsed.

11 (c) In order to use teleconferencing pursuant to this section, the  
12 legislative body that established the subsidiary body by charter,  
13 ordinance, resolution, or other formal action shall make the  
14 following findings by majority vote before the subsidiary body  
15 uses teleconferencing pursuant to this section for the first time,  
16 and every 12 months thereafter:

17 (1) The legislative body has considered the circumstances of  
18 the subsidiary body.

19 (2) Teleconference meetings of the subsidiary body would  
20 enhance public access to meetings of the subsidiary body.

21 (3) Teleconference meetings of the subsidiary body would  
22 promote the attraction, retention, and diversity of subsidiary body  
23 members.

24 (d) *This section shall remain in effect only until January 1, 2026,*  
25 *and as of that date is repealed.*

26 SEC. 2. The Legislature finds and declares that Section 1 of  
27 this act, which adds *and repeals* Section 54953.05-~~to~~ of the  
28 Government Code, imposes a limitation on the public's right of  
29 access to the meetings of public bodies or the writings of public  
30 officials and agencies within the meaning of Section 3 of Article  
31 I of the California Constitution. Pursuant to that constitutional  
32 provision, the Legislature makes the following findings to  
33 demonstrate the interest protected by this limitation and the need  
34 for protecting that interest:

35 By removing the requirement for agendas to be placed at the  
36 location of each public official participating in a public meeting  
37 remotely, this act protects the personal, private information of  
38 public officials and their families while preserving the public's  
39 right to access information concerning the conduct of the people's  
40 business.

1 SEC. 3. The Legislature finds and declares that Section 1 of  
2 this act, which adds Section 54953.05 to the Government Code,  
3 furthers, within the meaning of paragraph (7) of subdivision (b)  
4 of Section 3 of Article I of the California Constitution, the purposes  
5 of that constitutional section as it relates to the right of public  
6 access to the meetings of local public bodies or the writings of  
7 local public officials and local agencies. Pursuant to paragraph (7)  
8 of subdivision (b) of Section 3 of Article I of the California  
9 Constitution, the Legislature makes the following findings:  
10 This act is necessary to provide opportunities for public  
11 participation in meetings of specified public agencies and to  
12 promote the attraction and retention of members of those agencies.



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**SB-1209 Local agency formation commission: indemnification.** (2023-2024)

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CALIFORNIA LEGISLATURE— 2023–2024 REGULAR SESSION

**SENATE BILL**

**NO. 1209**

**Introduced by Senator Cortese**

**February 15, 2024**

An act to add Section 56383.5 to the Government Code, relating to local government.

**LEGISLATIVE COUNSEL'S DIGEST**

SB 1209, as introduced, Cortese. Local agency formation commission: indemnification.

Existing law, the Cortese-Knox-Hertzberg Local Government Reorganization Act of 2000, provides the exclusive authority and procedure for the initiation, conduct, and completion of changes of organization and reorganization for cities and districts, except as specified. The act continues in existence in each county a local agency formation commission (LAFCO) that consists of members appointed, as specified, and oversees those changes of organization and reorganization. The act authorizes a LAFCO to, among other things, review and approve with or without amendment, wholly, partially, or conditionally, or disapprove proposals for changes of organization or reorganization, as specified.

This bill would authorize a LAFCO to require, as a condition for, among other things, processing a change of organization or reorganization, that the applicant agrees to defend, indemnify, and hold harmless the LAFCO, its agents, officers, and employees from and against any claim, action, or proceeding, as specified, arising from or relating to the action or determination by the LAFCO.

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

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

**SECTION 1.** Section 56383.5 is added to the Government Code, to read:

**56383.5.** The commission may require, as a condition for processing a change of organization or reorganization, a sphere amendment or a sphere update, or any other action or determination requested from the commission, that the applicant agrees to defend, indemnify, and hold harmless the commission, its agents, officers, and employees from any claim, action, or proceeding against the commission, its agents, officers, or employees arising from or relating to the action or determination by the commission.





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California Law

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**AB-3277 Local agency formation commission: districts: property tax.** (2023-2024)

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CALIFORNIA LEGISLATURE— 2023–2024 REGULAR SESSION

**ASSEMBLY BILL**

**NO. 3277**

**Introduced by Committee on Local Government**

**February 27, 2024**

An act to amend Section 56810 of the Government Code, relating to local government.

LEGISLATIVE COUNSEL'S DIGEST

AB 3277, as introduced, Committee on Local Government. Local agency formation commission: districts: property tax.

Existing law, the Cortese-Knox-Hertzberg Local Government Reorganization Act of 2000, establishes the sole and exclusive authority and procedures for the initiation, conduct, and completion of changes of organization and reorganization for cities and districts. Existing law requires proceedings for the formation of a district to be conducted as authorized by the principal act of the proposed district, and authorizes the local agency formation commission in each county to serve as the conducting authority, as specified. Existing law requires a commission to determine the amount of property tax revenue to be exchanged by an affected local agency, as specified, if the proposal includes the formation of a district, as defined.

This bill would, instead, require a commission to determine the amount of property tax revenue to be exchanged by an affected local agency if the proposal includes the formation of a district and the applicant is seeking a share of the 1% ad valorem property taxes. By adding to the duties of a local agency formation commission, the bill would impose a state-mandated local program.

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

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

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

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

**SECTION 1.** Section 56810 of the Government Code is amended to read:

**56810.** (a) (1) If the proposal includes the incorporation of a city, as defined in Section 56043, the commission shall determine the amount of property tax revenue to be exchanged by the affected local agency pursuant to this section and Section 56815.

(2) If the proposal includes the formation of a district, as defined in Section 2215 of the Revenue and Taxation Code, *and if the applicant is seeking a share of the 1 percent ad valorem property taxes*, the commission shall determine the amount of property tax to be exchanged by the affected local agency pursuant to this section.

(b) The commission shall notify the county auditor of the proposal and the services which the new jurisdiction proposes to assume within the area, and identify for the auditor the existing service providers within the area subject to the proposal.

(c) If the proposal would not transfer all of an affected agency's service responsibilities to the proposed city or district, 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 which the new jurisdiction will assume within the area subject to the proposal. 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 proposed city over a period not to exceed 12 fiscal years following its incorporation. 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 incorporation of the proposed city or shall be phased in over a period not to exceed 12 full fiscal years following the incorporation, the commission shall consider each of the following:

(A) The total amount of revenue from all sources available to the proposed 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.

(d) If the proposal would transfer all of an affected agency's service responsibilities to the proposed city or district, 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.

(e) The executive officer shall notify the auditor of the amount determined pursuant to paragraph (3) of subdivision (c) or subdivision (d), 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 (c), 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.

(f) The amendments to this section enacted during the 1985–86 Regular Session of the Legislature shall apply to any proposal described in subdivision (a) for which a certificate of completion is recorded with the county recorder on or after January 1, 1987.

(g) For purposes of this section, "prior fiscal year" means the most recent fiscal year for which data on actual direct and indirect costs and revenues needed to perform the calculations required by this section are available preceding the issuance of the certificate of filing.

(h) 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 city's incorporation or the district's formation. These actions may be brought by any city that incorporated or by any district that formed on or after January 1, 1986.

(i) This section applies to any city that incorporated or district that formed on or after January 1, 1986.

(j) The calculations and procedures specified in this section shall be made prior to and shall be incorporated into the calculations specified in Section 56815.

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