



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

Agenda Item 5d (Consent/Information)

TO: Local Agency Formation Commission

PREPARED BY: Brendon Freeman, Executive Officer

MEETING DATE: April 4, 2019

SUBJECT: Legislative Report

BACKGROUND AND SUMMARY

This item is being presented to the Commission for information purposes only.

The Legislative Committee (Chair Mohler and Commissioner Dillon) met on February 15, 2019, and reviewed proposed legislation affecting LAFCOs. The Commission's *Legislative Policy* ("Policy") is included as Attachment One. The Legislative Committee determined no formal positions were warranted for full Commission consideration.

Following the meeting of the Legislative Committee, additional bills were introduced by the Legislature. CALAFCO subsequently requested urgent formal support positions from all LAFCOs for Assembly Bill (AB) 1253, introduced by Assembly Member Rivas and co-authored by Senators Caballero and Hertzberg.

AB 1253, included as Attachment Two, seeks one-time grant funding for LAFCOs as a follow up to the Little Hoover Commission report in 2017 and to last year's AB 2258 (Caballero) attempt. The stated deadline to submit letters in support of AB 1253 was March 21, 2019, which did not allow time for full Commission consideration.

Consistent with the Policy, staff submitted a support letter to the Legislature for AB 1253 following review and approval from the Chair. A copy of the submitted letter is included as Attachment Three.

ATTACHMENTS

- 1) Legislative Policy
- 2) AB 1253 Text
- 3) Submitted Letter of Support for AB 1253 (March 15, 2019)

Margie Mohler, Chair
Councilmember, Town of Yountville

Scott Sedgley, Commissioner
Councilmember, City of Napa

Kenneth Leary, Alternate Commissioner
Councilmember, City of American Canyon

Brad Wagenknecht, Vice Chair
County of Napa Supervisor, 1st District

Diane Dillon, Commissioner
County of Napa Supervisor, 3rd District

Ryan Gregory, Alternate Commissioner
County of Napa Supervisor, 2nd District

Gregory Rodeno, Commissioner
Representative of the General Public

Erik Lawrence, Alternate Commissioner
Representative of the General Public

Brendon Freeman
Executive Officer



LOCAL AGENCY FORMATION COMMISSION OF NAPA

Legislative Policy (Adopted: December 4, 2017)

- 1) The Local Agency Formation Commission (LAFCO) of Napa County (“the Commission”) shall establish a standing committee to review proposed legislation (“Legislative Committee”). At the beginning of each two-year legislative session, the Commission shall appoint (or re-appoint) two members to the Legislative Committee, in addition to LAFCO’s Executive Officer. Meetings of the Legislative Committee must be noticed in accordance with the Ralph M. Brown Act.
- 2) The Legislative Committee shall, at least annually, review the California Association of LAFCOs’ legislative platform as well as the Commission’s adopted legislative platform if applicable and determine what action is needed in terms of adopting or amending a local legislative platform. The Legislative Committee shall present recommendations to the full Commission with respect to actions related to the local legislative platform.
- 3) The Legislative Committee shall, at least annually, review proposed legislation affecting LAFCO. The Executive Officer 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 is authorized to submit written correspondence to the legislation’s author regarding the Commission’s position if the position is consistent with the adopted legislative platform of the Commission. The Chair, or the Vice-Chair if the Chair is unavailable, shall review and approve the written correspondence prior to it being submitted by the Executive Officer.
- 5) All submitted correspondence pursuant to this policy will be included on the next available Commission agenda.

ASSEMBLY BILL**No. 1253**

Introduced by Assembly Member Robert Rivas
(Coauthors: Senators Caballero and Hertzberg)

February 21, 2019

An act to add and repeal Section 75131 of the Public Resources Code, relating to local government.

LEGISLATIVE COUNSEL'S DIGEST

AB 1253, as introduced, Robert Rivas. Local agency formation commissions: grant program.

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 special districts, as specified. The act requires a local agency formation commission in each county to encourage the orderly formation and development of local agencies based upon local conditions and circumstances, among other things.

Existing law also establishes the Strategic Growth Council in state government and assigns to the council certain duties, including providing, funding, and distributing data and information to local governments and regional agencies that will assist in the development and planning of sustainable communities.

This bill would require the Strategic Growth Council, until July 31, 2025, to establish and administer a local agency formation commissions grant program for the payment of costs associated with initiating and completing the dissolution of districts listed as inactive, the payment of costs associated with a study of the services provided within a county by a public agency to a disadvantaged community, as defined, and for

other specified purposes, including the initiation of an action, as defined, that is limited to service providers serving a disadvantaged community and is based on determinations found in the study, as approved by the commission. The bill would specify application submission, reimbursement, and reporting requirements for a local agency formation commission to receive grants pursuant to the bill. The bill would require the council, after consulting with the California Association of Local Agency Formation Commissions, to develop and adopt guidelines, timelines, and application and reporting criteria for development and implementation of the program, as specified, and would exempt these guidelines, timelines, and criteria from the rulemaking provisions of the Administrative Procedure Act. The bill would make the grant program subject to an appropriation for the program in the annual Budget Act, and would repeal these provisions on January 1, 2026.

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

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

1 SECTION 1. The Legislature hereby finds and declares:

2 (a) Local agency formation commissions play a critical role in
3 the logical formation of local agency boundaries, the promotion
4 of orderly development, and the efficient and effective provision
5 of services.

6 (b) It is the intent of the Legislature in adding Section 75131 to
7 the Public Resources Code to assist local agency formation
8 commissions in initiating studies of existing government agencies
9 and their provision of services and to consider action based on the
10 results of these studies, including dissolving inactive districts, for
11 the purpose of creating streamlined local government services and
12 improved efficiency in service delivery.

13 SEC. 2. Section 75131 is added to the Public Resources Code,
14 to read:

15 75131. (a) (1) The council shall establish and administer a
16 local agency formation commissions grant program for the
17 purposes described in subdivision (b), subject to an appropriation
18 for this program in the annual Budget Act.

19 (2) Program funds provided to participating local agency
20 formation commissions shall be used to supplement, and not
21 supplant, existing funding and staffing levels.

1 (3) Program funds provided to participating local agency
2 formation commissions shall not be used to conduct a service
3 review of municipal services pursuant to Section 56430 of the
4 Government Code.

5 (4) All local agency formation commissions shall be eligible to
6 participate in the program.

7 (5) The council shall, after consulting with the California
8 Association of Local Agency Formation Commissions
9 (CALAFCO), adopt guidelines, timelines, and application and
10 reporting criteria for development and implementation of the
11 program to serve the purposes of this section and mutually meet
12 the needs of the council and the CALAFCO.

13 (6) The council, in granting funds pursuant to the program, shall
14 give preference to a local agency formation commission whose
15 decisions are consistent with the goals of the sustainable
16 communities strategy adopted pursuant to Section 65080 of the
17 Government Code.

18 (b) The council shall award grants to local agency formation
19 commissions for any of the following purposes:

20 (1) The payment of costs associated with initiating and
21 completing the dissolution of a special district that is listed by the
22 Controller as inactive pursuant to Section 56879 of the Government
23 Code.

24 (2) The payment of costs associated with a study prepared
25 pursuant to Section 56378 of the Government Code of the services
26 provided within a county by a public agency to a disadvantaged
27 community to do either or both of the following:

28 (A) Identify if there are any efficiencies to be gained in the
29 provision of services.

30 (B) Determine what alternatives, if any, exist for improving
31 efficiency and affordability of infrastructure and service delivery.

32 (3) The payment of costs to do any of the following:

33 (A) Initiate an action described in paragraph (2) of subdivision
34 (a) of Section 56375, other than the dissolution of a special district
35 that is listed by the Controller as inactive pursuant to Section 56879
36 of the Government Code, that is limited to service providers serving
37 a disadvantaged community and is based on determinations found
38 in a study prepared pursuant to Section 56378 of the Government
39 Code, as approved by the commission.

1 (B) Develop and implement reorganization plans with timelines
2 for expected outcomes.

3 (C) Incentivize service providers to work with the local agency
4 formation commission to develop and implement reorganization
5 plans with timelines for expected outcomes.

6 (c) (1) In order to obtain a grant award pursuant to paragraph
7 (1) of subdivision (b), a local agency formation commission shall
8 submit to the council an application for reimbursement of the costs
9 of the dissolution proceedings, in the form and manner specified
10 by the council. At a minimum, the application shall include all of
11 the following:

12 (A) The notification provided to the commission by the
13 Controller of the inactive district(s) and the requirement to initiate
14 dissolution proceedings.

15 (B) A full budget accounting for costs of the dissolution.

16 (C) All reports and documents pertaining to the final dissolution
17 action.

18 (2) The council shall review the application for reimbursement
19 and, provided all documentation is in order, issue reimbursement
20 to the local agency formation commission within 60 days of receipt
21 of the application.

22 (d) (1) In order to obtain a grant award pursuant to paragraph
23 (2) of subdivision (b) for purposes of conducting a study, a local
24 agency formation commission shall submit to the council an
25 application, in the form and manner specified by the council. At
26 a minimum, the application shall include all of the following:

27 (A) A resolution adopted by the commission authorizing
28 submission of the grant application and a commitment to review
29 and consider the recommendations and potential actions contained
30 in the study.

31 (B) A full budget accounting for estimated costs of the study to
32 be performed.

33 (C) A full explanation of the reason for the study.

34 (D) The most recent completed municipal service review or
35 study in which determinations were made by the local agency
36 formation commission indicating the agency to be studied is a
37 candidate for a change of organization or reorganization.

38 (E) An identification of the disadvantaged community that is
39 expected to benefit from the study.

1 (2) The council shall review the applications submitted pursuant
2 to paragraph (1), select the program participants based on criteria
3 that furthers the purposes of this section, and notify the participants
4 of their selection within two months of receiving the application.
5 Funds shall be issued by the council to the local agency formation
6 commission within 60 days of notification.

7 (3) A local agency formation commission that receives a grant
8 pursuant to paragraph (2) of subdivision (b) shall commence the
9 study within 30 days of receipt of funding and shall complete the
10 study within two years of commencing the study. Upon completion
11 of the study, the local agency formation commission shall do all
12 of the following:

13 (A) Submit to the council a final report within 30 days of the
14 completion of the study and the commission's adoption of a
15 resolution making determinations. The report shall be in the form
16 and manner specified by the council. At a minimum, the report
17 shall include all of the following:

- 18 (i) The full study conducted.
- 19 (ii) The resolution making determinations as adopted by the
20 local agency formation commission.
- 21 (iii) A full budget accounting report of the funds used.
- 22 (iv) A reimbursement of any unexpended funds.
- 23 (v) The local agency formation commission's plan for future
24 action based on the study's conclusions.

25 (B) Upon the request of the council, participating local agency
26 formation commissions shall provide the council with any
27 supplemental information necessary to substantiate the information
28 contained in the report submitted pursuant to this subdivision.

29 (4) A local agency formation commission shall repay the entire
30 amount of the grant awarded pursuant to this subdivision to the
31 council if the study funded pursuant to this subdivision is not
32 completed within two years of receipt of the grant funds. The local
33 agency formation commission shall make this repayment within
34 30 days from the two-year anniversary of receipt of the grant funds.

35 (e) (1) A local agency formation commission that elects to
36 apply for a grant pursuant to paragraph (3) of subdivision (b) shall
37 submit to the council an application, in the form and manner
38 specified by the council. At a minimum, the application shall
39 include all of the following:

1 (A) A resolution adopted by the commission authorizing
2 submission of the application for purposes defined in the
3 application.

4 (B) Change of organization or reorganization plans with
5 timelines for expected outcomes.

6 (C) A full budget accounting for estimated costs of the action
7 to be performed.

8 (D) The most recent completed study in which determinations
9 were made by the local agency formation commission indicating
10 the agency should be reorganized or dissolved, or, if there exists
11 a municipal services review or study with like determinations that
12 is no more than five years old.

13 (E) An identification of the disadvantaged community that is
14 expected to benefit from the action.

15 (2) The council shall review the applications submitted pursuant
16 to paragraph (3) of subdivision (b), select the program participants
17 based on criteria that furthers the purposes of this section, and
18 notify the participants of their selection within two months of
19 receiving the application. Funds shall be issued by the council to
20 the local agency formation commission within 60 days of
21 notification.

22 (3) A local agency formation commission that receives funds
23 pursuant to paragraph (3) of subdivision (b) shall commence action
24 within 30 days of receipt of funding.

25 (4) A local agency formation commission that receives funds
26 pursuant to paragraph (3) of subdivision (b) shall hold a public
27 hearing to consider the action described in paragraph (2) of
28 subdivision (a) of Section 56375, except the dissolution of a special
29 district that is listed by the Controller as inactive pursuant to
30 Section 56879 of the Government Code. If the action is approved
31 by a local agency formation commission, that local agency
32 formation commission shall order the change of organization or
33 reorganization subject to Section 57075 of the Government Code,
34 except that the level of protest necessary to require an election for
35 confirmation by the registered voters residing within the affected
36 territory shall be determined by the corresponding percentage of
37 registered voters or land owners required to qualify a recall on the
38 ballot pursuant to subdivision (a) or (d), as appropriate, of Section
39 11221 of the Elections Code. The calculation of registered voters
40 shall be made pursuant to subdivision (b) of that section. Upon

1 completion of the change of organization or reorganization, the
2 local agency formation commission that receives funds pursuant
3 to paragraph (3) of subdivision (b) shall do both of the following:

4 (A) Submit to the council a final report within 30 days of the
5 final action. The report shall be in the form and manner specified
6 by the council. At a minimum, the report shall include all of the
7 following:

8 (i) The final action taken by the local agency formation
9 commission.

10 (ii) If proceedings were terminated as a result of protest, all
11 necessary information pertinent to support that fact.

12 (iii) All reports and documents pertaining to the final action or
13 protest action.

14 (iv) A full budget accounting report of the funds used.

15 (v) The reimbursement of any unexpended funds.

16 (B) Upon the request of the council, the participating local
17 agency formation commission shall provide the council with any
18 supplemental information necessary to substantiate the information
19 contained in the report submitted pursuant to this subdivision.

20 (f) The Legislature finds and declares that there is a compelling
21 public interest in allowing the council to implement and administer
22 this section as expeditiously as possible, and to thereby accelerate
23 local agency formation commission efforts. The guidelines,
24 timelines, and application and reporting criteria adopted by the
25 council for purposes of this section shall be exempt from the
26 rulemaking provisions of the Administrative Procedure Act
27 (Chapter 3.5 (commencing with Section 11340) of Part 1 of
28 Division 3 of Title 2 of the Government Code) for the purpose of
29 carrying out the duties enumerated in this section.

30 (g) For the purposes of this section, the following terms shall
31 apply:

32 (1) “Disadvantaged community” means a community with an
33 annual median household income that is less than 80 percent of
34 the statewide annual median household income.

35 (2) “Local agency formation commission” means a local agency
36 formation commission that operates in a county pursuant to the
37 Cortese-Knox-Hertzberg Local Government Reorganization Act
38 of 2000 (Division 3 (commencing with Section 56000) of Title 5
39 of the Government Code).

AB 1253

1 (h) This section shall not be interpreted to effect the
2 independence or discretion exercised by a local agency formation
3 commission in carrying out an action pursuant to this section.

4 (i) This section shall become inoperative on July 31, 2025, and,
5 as of January 1, 2026, is repealed.



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

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

March 15, 2019

The Honorable Robert Rivas
California State Assembly
State Capital Room 5158
Sacramento, CA 95814

Subject: *Support of AB 1253*

Dear Assemblymember Rivas:

The Napa Local Agency Formation Commission (LAFCO) is pleased to join the California Association of Local Agency Formation Commissions (CALAFCO) in support for ***Assembly Bill 1253***. Sponsored by CALAFCO, the bill establishes a five-year pilot grant program to provide grants to LAFCOs to address known service and governance concerns in disadvantaged communities. This program provides grants to LAFCOs for conducting special in-depth studies and analyses of local government agencies and services for the purposes of creating improved efficiencies in the delivery of local government services and completing the dissolution of inactive special districts. The grant program would be administered by the Strategic Growth Council and sunset on December 31, 2025.

The Legislature established LAFCOs in 1963 to encourage the orderly formation of local government agencies. Since that time, the regulatory role and responsibilities of LAFCOs has substantially increased without additional funding. Operating in all 58 California counties, LAFCOs are responsible for meeting important statutory directives to maintain orderly boundaries and seek greater efficiencies in delivering local services, and yet these directives often times cannot be met under current funding mechanisms. As a result, much needed LAFCO activities are sometimes delayed or rejected.

In August 2017, the Little Hoover Commission published a report on special districts and their oversight by LAFCOs, which contained several recommendations directly related to LAFCO. One recommendation was for the Legislature to provide one-time grant funding to pay for specified LAFCO activities, particularly to incentivize LAFCOs or smaller special districts to develop and implement dissolution or consolidation plans with timelines for expected outcomes.

By establishing this one-time grant funding, ***AB 1253*** provides an additional tool for LAFCOs to address known service and governance concerns in disadvantaged communities by conducting detailed studies and potentially implementing greater efficiencies in delivering local services based on local circumstances and conditions. For these reasons, Napa LAFCO is pleased to support ***AB 1253***.

Margie Mohler, Chair
Councilmember, Town of Yountville

Scott Sedgley, Commissioner
Councilmember, City of Napa

Kenneth Leary, Alternate Commissioner
Councilmember, City of American Canyon

Brad Wagenknecht, Vice Chair
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County of Napa Supervisor, 2nd District

Gregory Rodeno, Commissioner
Representative of the General Public

Erik Lawrence, Alternate Commissioner
Representative of the General Public

Brendon Freeman
Executive Officer

Support of AB 1253

March 15, 2019

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Thank you for authoring this important piece of legislation. Please feel free to contact me should you have any questions about Napa LAFCO's position.

Sincerely yours,



Brendon Freeman

Executive Officer

cc: Senator Robert Hertzberg, co-author
Senator Anna Caballero, co-author
Pamela Miller, Executive Director, CALAFCO
Margie Mohler, Napa LAFCO Chair