



Solano Local Agency Formation Commission

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Staff Report

DATE: August 11, 2014

TO: Local Agency Formation Commission

FROM: Elliot Mulberg, Interim Executive Officer

SUBJECT: **Legislative Report**

RECOMMENDATION: That the Commission receive the Legislative Report

DISCUSSION:

The Governor has expressed interest in managing ground water for the larger groundwater basins as a result of the drought. A couple of bills are working their way through the Legislature to address the drought and the Governor's interests. AB 1739 (Dickinson) requires a sustainable groundwater management plan to be adopted for each high or medium priority groundwater basin by any groundwater management agency. SB 1168 (Pavley) calls for the formation of new groundwater management agencies through either a JPA, MOA, or some other legal agreement. The bill also requires the Department of Water Resources to establish procedures for local and groundwater management agencies to establish and modify basin and subbasin boundaries. As outlined in SB 1168 the process completely bypasses the LAFCO process. Since these bills address similar issues, both bills are in the process of being amended to pass with similar language.

AB 1527 (Parea) has been amended several times to address grant requirements of the Safe Drinking Water State Revolving Fund. This bill requires the State Water Resources Control Board to establish a priority list of proposed projects to be considered for funding. This bill would require the board to give priority to funding the consolidation of public water systems based upon a service review developed by a local agency formation commission. Originally the bill would have included LAFCOs as eligible for grant funding from the Strategic Growth Council. However, during the subsequent amendment process that provision was eliminated.

There is also one CEQA related bill, AB 543 (Campos). The bill requires the Governor's Office of Planning and Research to establish guidelines for lead agencies to determine when a translation of the CEQA document would be necessary.

Legislative Report Current as of 7/29/14

CHAPTERED LEGISLATION:

AB 2156 (Achadjian R) Local agency formation commissions: studies.

Summary: Would include joint powers agencies and joint powers authorities among the entities from which a local agency formation commission is authorized to request land use information, studies, and plans, for purposes of conducting the studies described above, and also would include joint powers agreements in the list of items the commission may request in conducting those studies. The bill would specifically define "joint powers agency" and "joint powers authority" for purposes of the Cortese-Knox-Hertzberg Local Government Reorganization Act of 2000.

Subject: CKH General Procedures, LAFCO Administration, Municipal Services, Service Reviews/Spheres

AB 2762 (Committee on Local Government) Local government.

Summary: The Cortese-Knox-Hertzberg Local Government Reorganization Act of 2000 does not apply to pending proceedings for a change or organization or reorganization for which the application was accepted for filing prior to January 1, 2001, as specified. The act authorizes these pending proceedings to be continued and completed under, and in accordance with, the law under which the proceedings were commenced. This bill would repeal those provisions relating to pending proceedings for a change or organization or reorganization for which an application was accepted for filing prior to January 1, 2001, and make other conforming changes.

Subject: CKH General Procedures – CALAFCO Omnibus Bill

PENDING LEGISLATION:

AB 1739 (Dickinson D) Groundwater basin management: sustainability.

Status: Amended 6/17/14; 6/25/2014-From committee: Do pass and re-refer to Com. on APPR. (Ayes 7. Noes 1.) (June 24). Re-referred to Com. on APPR.

Summary: Would require 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, with specified exceptions. This bill would require a groundwater sustainability agency to certify that its plan complies with the requirements of this bill no later than January 31, 2020, and every 5 years thereafter.

Subject: Water

CALAFCO Position: Sent Letter of Concern (June 2014)

CALAFCO Comments: As currently written, this bill requires LAFCos to expedite all applications for the formation or reorganization of groundwater management agencies, requiring the process be

completed within 6 months of the application filing. Further the bill requires LAFCOs, in the case of a County directive for annexation of territory into a groundwater management agency, to complete the annexation by January 1, 2017. CALAFCO has a number of concerns with the bill all of which are outlined in the letter of concern submitted June 24, 2014.

SB 1168 (Pavley D) Groundwater management.

Last Amended: 6/17/2014

Status: 6/24/2014-From committee: Do pass and re-refer to Com. on APPR. (Ayes 9. Noes 4.) (June 24). Re-referred to Com. on APPR.

Summary:

Current law requires the Department of Water Resources to identify the extent of monitoring of groundwater elevations that is being undertaken within each basin or subbasin and prioritize groundwater basins and subbasins. The bill would require the Department of Fish and Wildlife, in collaboration with the department, to identify those basins and subbasins where species and ecosystems are vulnerable to existing or future groundwater conditions.

Subject: Water

CALAFCO Position: Watch

CALAFCO Comments: As amended, the bill calls for the formation of new groundwater management agencies by existing local agencies through either a JPA, MOA, or some other legal agreement. This process completely bypasses the LAFCo process. Further, the bill requires the Department of Water Resources to establish procedures for local and groundwater management agencies to establish and modify basin and subbasin boundaries. There are a large number of other requirements of the bill, and CALAFCO has concerns relating to the two provisions above as well as a number of other concerns as detailed in the letter dated June 26, 2014.

AB 1521 (Fox D) Local government finance: property tax revenue allocations: vehicle license

Status: 8/4/14 -Senate Appropriations Hearing scheduled for 10 a.m.

Summary: Beginning with the 2004-05 fiscal year, current law requires that each city, county, and city and county receive additional property tax revenues in the form of a vehicle license fee adjustment amount, as defined, from a vehicle license fee property tax compensation fund that exists in each county treasury. Current law requires that these additional allocations be funded from ad valorem property tax revenues otherwise required to be allocated to educational entities. This bill would modify these reduction and transfer provisions, for the 2014-15 fiscal year and for each fiscal year thereafter, by providing for a vehicle license fee adjustment amount calculated on the basis of changes in assessed valuation.

Subject: Financial Viability of Agencies, Tax Allocation

CALAFCO Position: Support

SB 69 (Roth D) Local government finance: property tax revenue allocation: vehicle license fee adjustments.

Status: 6/26/2014-From committee: Do pass and re-refer to Com. on APPR. (Ayes 9. Noes 0.) (June 25). Re-referred to Com. on APPR.

Summary: Current property tax law requires the county auditor, in each fiscal year, to allocate property tax revenue to local jurisdictions in accordance with specified formulas and procedures, and generally provides that each jurisdiction shall be allocated an amount equal to the total of the amount of revenue allocated to that jurisdiction in the prior fiscal year, subject to certain modifications, and that jurisdiction's portion of the annual tax increment, as defined. This bill would modify these reduction and transfer provisions for a city incorporating after January 1, 2004, for the 2014-15 fiscal year and for each fiscal year thereafter, by providing for a vehicle license fee adjustment amount calculated on the basis of changes in assessed valuation.

Subject: Tax Allocation

CALAFCO Position: Support

[AB 1527](#) ([Perea D](#)) Public water systems: Safe Drinking Water State Revolving Fund.

Last Amended: 6/26/2014

Status: 8/4/2014 Hearing Senate Appropriations 10 a.m.

Summary:

Current law, operative on July 1, 2014, and repealed as of January 1 of the next calendar year occurring after the State Water Resources Control Board provides notice to the Legislature and the Secretary of State and posts notice on its Internet Web site that the board has adopted a policy handbook, requires the board to establish a priority list of proposed projects to be considered for funding. This bill would require the board to give priority to funding the consolidation of public water systems based upon a service review developed by a local agency formation commission.

CALAFCO Position: Support

Subject: Disadvantaged Communities, Municipal Services, Service Reviews/Spheres

CALAFCO Comments: As amended, this bill requires the State Water Resources Control Board to consider LAFCo studies as part of their funding and alternative services considerations, and requires the Board to give priority funding to consolidations where appropriate based on those MSRs. The bill has undergone a number of substantial amendments, consequently eliminating the provision that LAFCos be added to the list of eligible entities for receiving grant funding from the Strategic Growth Council.

[SB 614](#) ([Wolk D](#)) Local government: jurisdictional changes: infrastructure financing.

Last Amended: 6/16/2014

Status: 6/30/2014-On Assembly Floor Read second time. Ordered to third reading.

Summary:

The Cortese-Knox-Hertzberg Local Government Reorganization Act of 2000 requires a local agency or school district that initiates proceedings for a change of local government organization or reorganization by submitting a resolution of application to a local agency formation commission to also submit a plan for providing services within the affected territory, as specified. This bill would instead require, if a proposal for a change of organization or reorganization is submitted to a local commission, that the applicant submit a plan for providing services within the affected territory.

CALAFCO Position: Watch

Subject: Annexation Proceedings, CKH General Procedures, Disadvantaged Communities

CALAFCO Comments: As amended, the bill is intended to provide an incentive to cities to annex disadvantaged unincorporated communities by creating an option for a funding mechanism using a property tax sharing agreement by affected entities (to share the 1% tax dollars) and ensuing tax increment. A special district would be created to act as the vehicle for that funding. The bill allows LAFCo to consider, as part of the application, the

formation of a new district or the reorganization of an existing district, but only if all of the affected agencies are in agreement. CALAFCO has a number of concerns with the bill including the long-term financial sustainability of the district, as well as the application requirements and process.

[AB 543](#) ([Campos D](#)) California Environmental Quality Act: translation.

Last Amended: 6/24/2014

Status: 6/24/2014-Read second time and amended. Re-referred to Com. on APPR.
8/4/2014 Hearing Senate Appropriations 10 a.m

Summary:

CEQA requires the Office of Planning and Research to prepare and develop guidelines for the implementation of CEQA and the Secretary of the Natural Resources Agency to certify and adopt those guidelines. This bill would require the office, on or before July 1, 2016, to prepare and develop recommended amendments to the guidelines and the secretary, on or before January 1, 2017, to certify and adopt those amendments to the guidelines to establish criteria for a lead agency to assess the need for translating those notices into non-English languages, as specified.

CALAFCO Position: Watch

Subject: CEQA

CALAFCO Comments: As amended, requires OPR to establish criteria for a lead agency to assess the need for translating those notices into non-English languages, as specified by July 1, 2016.