



Solano Local Agency Formation Commission

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Staff Report

DATE: August 10, 2015
TO: Local Agency Formation Commission
FROM: Elliot Mulberg, Executive Officer
SUBJECT: Legislative Report

Recommendation: The Commission receive and file this report.

Background:

The legislature is on recess until August 17. Before leaving they passed SB 88, ostensibly a drought related measure, which gives the State Water Resources Control Board (SWRCB) authority to consolidate failing public and private water agencies in disadvantaged communities. Although the SWRCB must consult with LAFCOs and conduct a public hearing Section 3(e)(g) states that CKH shall not apply to the consolidation or extension of services. There are numerous other issues with this legislation. They have to with the definition of a failing system, funding for maintenance and operation of the acquired system, liability issues for the acquiring system, and if this was truly a drought related issue, a sunset provision. Senator Wolk through SB 552 is trying to address some of these issues. SB 552 includes mobile home parks in the definition of disadvantaged community. Even though Solano County has no identified disadvantaged communities, the addition of mobile home parks to the definition could mean that Solano County will be affected. Senator Hertzberg's staff is considering introducing clarifying language as well. It is likely the cleanup will occur in the next session as even SB 552 is a two year bill.

A second bill of interest is SB 239 (Hertzberg), relating to fire agencies. In essence it requires the extension of services by contract with another agency to be approved by LAFCO. In addition the public agency must either receive approval from an employee organization or provide notice to affected agencies and employee organizations of the proposed contract. The application must be heard at a public hearing and include a comprehensive fiscal analysis detailing the fiscal ability to provide service.

The bill sets several precedents. First, it gives LAFCO new authority to review and approve contracts between two public agencies. Second, it requires a California state agency to request LAFCO approval prior to providing services outside of a public agency’s current service area. Finally, the bill addresses only one type of service provider, which fails to address the question of why the provision of fire protection services requires a different level of review than other types of equally vital services. This bill could affect the functional consolidation of Solano County fire districts.

Table 1 shows the status and positions of key agencies associated with LAFCO, CALAFCO, California State Association of Counties (CSAC), California League of Cities, and California Special District Association (CSDA). The table is current as of July 28.

Table 1: Bill Status 7/28/15

Bill Number	Author	Subject	Status	CALAFCO	CSAC	League of Cities	CSDA
AB 402	Dodd	Extended Services	Senate Floor	None	Watch	Watch	Neutral
AB 448	Brown	Finance - VLF	Sen Appropriations	Support	Watch	Support	
AB 656	Garcia	JPA's mutual water	Senate Floor	Watch	Pending	Watch	Watch
AB 851	Mayes	Disincorporation	Senate Floor	Sponsor	Support	Watch	Support
SB 25	Roth	Finance - VLF	Assm Appropriations	Support	Support	Support	
SB 239	Hertzberg	Fire Service Contracts	Assm Appropriations	None	Oppose	Oppose	Oppose
SB 272	Hertzberg	Public Records	Assm Appropriations	Watch	Oppose*	Oppose*	Oppose*
SB 552	Wolk	DUC's Water	Assm Rules – 2 yr	Watch	Pending	Watch	Watch

Oppose* - Oppose unless amended

Enrolled Legislation

SB 88 (Committee on Budget and Fiscal Review) Water Agency Consolidation.

Would authorize the State Water Resources Control Board to order consolidation with a receiving water system where a public water system, or a state small water system within a disadvantaged community, consistently fails to provide an adequate supply of safe drinking water.

AB 1532 (Committee on Local Government) CALAFCO Omnibus bill.

This is the annual Omnibus bill for the Cortese-Knox-Hertzberg Reorganization Act of 2000. This bill makes non-substantive technical clean-up corrections to the Act.

Pending Legislation

AB 402 (Dodd D) Local agency services: contracts.

Summary: This bill creates a 5 year pilot opportunity for Napa and San Bernardino LAFCo Commissions to authorize an extension of services outside boundaries and spheres to support existing or planned uses pending the commission's determination that (1) was evaluated in a municipal service review; (2) will not result in either adverse impacts on open-space and agricultural lands or growth inducing; and (3) a sphere of influence change is not expected or desired based on local policies.

AB 448 (Brown D) Local Government Finance: property tax revenue allocations: vehicle license fee adjustments.

Summary: As introduced, this bill is identical to AB 1521 (Fox) from last year. This bill reinstates the VLF payment (through ERAF) and changes the way that the growth in the VLF adjustment amount (property tax in lieu of VLF) is calculated starting in FY 2015-16 to include the growth of assessed valuation, including in an annexed area, from FY 2004-05 to FY 2015-16. Beginning in FY 2016-17, the VLF adjustment amount would be the jurisdiction's annual change in the assessed valuation.

AB 656 (Garcia, Cristina D) Joint powers agreements: mutual water companies.

Summary: As amended, the bill gives the ability for a mutual water company to enter into a joint powers agreement with a public water agency for the purposes of either risk-pooling or the provision of technical support, continuing education, safety engineering, operational and managerial advisory assistance to be provided to the members of that joint powers agency.

AB 851 (Mayes R) Local Government: organization: disincorporations.

Summary: As amended, this bill addresses the long-outdated statutes relating to disincorporation.

This bill does the following: (1) Clarifies the expectation for assignment of responsibility for debt that will continue in existence after disincorporation; (2) Establishes the parameters and requirements for the submission of the Plan for Service for a disincorporation proposal which outlines existing services, the proponent's plan for the future of those services, and whether or not a bankruptcy proceeding has been undertaken; (3) Establishes the responsibilities of LAFCOs in preparing a Comprehensive Fiscal Analysis for disincorporations, the determination of the transfer of property tax revenues previously received by the proposed disincorporating City, and the determination of the transfer of debt to a successor agency or agencies. Further, the bill retains LAFCOs existing authority to impose terms and conditions on a proposed disincorporation as well as the election requirements necessary for approval of

disincorporation. The proposed disincorporation statutory changes use the incorporation provisions as a template to propose changes in the disincorporation process.

SB 25 (Roth D) Local government finance: property tax revenue allocation: vehicle license fee adjustments.

Summary: Identical to SB 69 (Roth) from 2014, the bill calls for reinstatement of the VLF through ERAF for cities that incorporated between January 1, 2004 and January 1, 2012. There are no provisions for back payments for lost revenue, but the bill does reinstate future payments beginning in the 2014/15 year for cities that incorporated between 1-1-2004 and 1-1-2012.

SB 239 (Hertzberg D) Local services: contracts: fire protection services.

Summary: This bill would, with certain exceptions, permit a public agency to exercise new or extended services outside the public agency's current service area pursuant to a fire protection contract, as defined, only if the public agency receives written approval from the local agency formation commission in the affected county.

SB 272 (Hertzberg D) The California Public Records Act: local agencies: inventory.

Summary: As amended, this bill requires all local agencies (including LAFCO) to create a catalogue of enterprise systems used by that agency and make that catalogue available to the public. The author defines enterprise systems as a software application or computer system that collects, stores, exchanges, and analyzes information that the agency uses that is both: (1) is a multi-departmental system or system containing information collected about the public; and (2) a system of record for that agency. Further, the bill defines a system of record as a system that serves as an original source of data within an agency. The bill requires disclosure of (1) current system vendor; (2) current system product; (3) a brief statement of the system's purpose; (4) a general description of categories, modules, or layers of data; (5) the department that serves as the system's primary custodian; (6) how frequently system data is collected; and (7) how frequently system data is updated. The author has agreed to exclude 911 systems.

SB 552 (Wolk D) Public water systems: disadvantaged communities: consolidation or extension of service.

Summary: Current law, for purposes of the California Safe Drinking Water Act, defines "disadvantaged community" to mean a disadvantaged community that is in an unincorporated area or is served by a mutual water company. This bill would allow a community to be a "disadvantaged community" if the community is in a mobile home park even if it is not in an unincorporated area or served by a mutual water company. This bill is being amended as a

vehicle to clean-up the water consolidation legislation [passed through as a budget trailer bill, SB 88/AB 115. This is a two year bill.