



Solano Local Agency Formation Commission

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Staff Report

DATE: October 19, 2015
TO: Local Agency Formation Commission
FROM: Elliot Mulberg, Executive Officer
SUBJECT: Legislative Report

Recommendation: The Commission receive and file this report.

Background:

SCA 5 is one bill that will have an effect on the special districts and cities revenue streams. SCA 5 will amend the California constitution allow taxation on personal property in excess of \$500,000. If passed by the voters commercial and industrial property could be subject to taxation and provide additional revenues for cities and special districts. The bill would allow taxation on commercial and industrial property at 1% of assessed value upon change in ownership similar to the way residential property is assessed and taxed under Prop 13. The provision would become operative on January 1, 2019.

SB 239 has passed through the legislature and was signed by the Governor. Before it passed the bill was amended to include the provisions of AB 402 assuming AB 402 was passed first. SB 239 would affect fire agencies ability to enter into management services agreements or a functional consolidation. Agencies would be required to conduct a fiscal analysis and receive LAFCO's approval before entering into those agreements. It would effectively make one of the consolidation options more difficult. A number of fire districts and CSDA have sent letters urging the Governor to veto this legislation.

The bills related to returning VLF funds have either been vetoed or held in appropriations. SB 25 was a two year bill when it finally passed. AB 448 never got out of appropriations.

This month's report lists the final outcome of legislation. A number of bills have been signed. They include the CALAFCO Ominbus Bill and an update on disincorporation procedures. SB 88

is already being implemented by the SWRCB to force consolidation of two mutual water agencies in Tulare County.

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 September 30.

Table 1: Bill Status 10/13/15

Bill Number	Author	Subject	Status	CALAFCO	CSAC	League of Cities	CSDA
AB 402	Dodd	Extended Services	Chaptered	None	Watch	Watch	Neutral
AB 448	Brown	Finance - VLF	Held under submission	Support	Watch	Support	
AB 656	Garcia	JPA's mutual water	Chaptered	Watch	Pending	Watch	Watch
AB 851	Mayes	Disincorporation	Chaptered	Sponsor	Support	Watch	Support
SB 25	Roth	Finance - VLF	Vetoed	Support	Support	Support	
SB 239	Hertzberg	Fire Service Contracts	Chaptered	None	Oppose	Oppose	Oppose
SB 272	Hertzberg	Public Records	Chaptered	Watch	Oppose*	Oppose*	Oppose*
SB 552	Wolk	DUC's Water	2 year bill	Watch	Pending	Watch	Watch

Oppose* - Oppose unless amended

Chaptered 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 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.

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.

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.

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.

Vetoed Legislation

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.

Held Under Submission

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.

2 Year Bills

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.