

SACRAMENTO LOCAL AGENCY FORMATION COMMISSION
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(916) 874-7458

April 4, 2007

TO: Sacramento Local Agency Formation Commission

FROM: Peter Brundage, Executive Officer *PS*

RE: Legislative Update

CONTACT: Don Lockhart, AICP, Assistant Executive Officer (916) 874-2937

RECOMMENDATION

Information only, no action is recommended. This is a status report on 2007-08 LAFCo related legislation.

SUMMARY

This memo is part of the ongoing effort to keep your Commission informed regarding various legislative matters. An ad-hoc committee appointed by the CALAFCo Board of Directors has considered and adopted positions on several bills. Staff will continue to track the bills, in collaboration with CALAFCo, and report back to your Commission.

LEGISLATION

AB 5(Wolk) Flood Protection: local: central valley: plans.

Status: 02/01/2007 Referred to Committee on Water, Parks & Wildlife

HEARING DATE : 04/10/2007

Summary: Existing law prescribes various responsibilities of state agencies, counties, cities, districts, and landowners with respect to levees. Existing law regulates the inspection, improvement, and maintenance of project and nonproject delta levees, as those terms are defined. Under existing law, the Department of Water Resources and the Reclamation Board administer various flood control programs. This bill would require an unspecified entity to create the Central Valley Flood Protection Plan to address flood protection in the central valley. The bill would authorize local agencies to create a local plan of flood protection meeting the requirements of the bill, and would require priority for state funds to be given to local agencies that have adopted a local plan of flood protection. The bill would create the Local Flood Protection Plan Assistance Fund to, upon appropriation by the Legislature, assist local agencies by awarding grants to those agencies to conduct necessary activities in the development of a local flood protection

plan. The bill would prohibit local governments in the central valley from approving new developments within high-risk flood prone areas, unless unspecified conditions are met to ensure appropriate levels of flood protection.

CALAFCo Position: Watch

AB 41(La Malfa) Water resources: bond proceeds.

Status: 12/05/2006-From printer. May be heard in committee January 4.

Summary: The Disaster Preparedness and Flood Prevention Bond Act of 2006, a bond act approved by the voters at the November 7, 2006, statewide general election, authorizes the issuance of bonds in the amount of \$4,090,000,000 for the purposes of financing disaster preparedness and flood prevention projects. The Safe Drinking Water, Water Quality and Supply, Flood Control, River and Coastal Protection Bond Act of 2006, an initiative bond act approved by the voters at the November 7, 2006, statewide general election, authorizes the issuance of bonds in the amount of \$5,388,000,000 for the purposes of financing a safe drinking, water quality and supply, flood control, and resource protection program. This bill would declare that it is the intent of the Legislature that the funds derived from these bond acts, consistent with the intent of the voters, be expended in the most cost-efficient and effective manner and, to the greatest extent possible, to address this state's critical lack of adequate surface water storage. The bill would make related legislative findings and declarations.

CALAFCo Position: Placeholder – monitor

AB 82(Evans) Local planning: agricultural land.

Status: Dec. 12/06/07 Introduced. To print. May be heard in committee January 6.

Summary: The Planning and Zoning Law requires that the general plan of a city or county include specified elements, including a land use element that designates the proposed general distribution and general location and extent of the uses of the land for, among other things, housing, business, industry, and open space, including agriculture, and an open-space element. This bill would declare the intent of the Legislature to enact legislation that would encourage the preservation of agricultural land and would encourage local governments to enhance, through the local planning process, the recognition of the importance of agricultural production to the state and local economy. This bill contains other existing laws.

CALAFCo Position: Watch

AB 162(Wolk) Land use: water supply.

Status: 02/26/2007 Referred to Committee on Water, Parks & Wildlife
HEARING DATE : 04/11/2007

Summary: The Planning and Zoning Law requires a city or county general plan to include specified mandatory elements, including a land use element that designates the proposed general distribution and general location and extent of the uses of the land for various purposes and a conservation element that considers, among other things, the effect of development within the jurisdiction, as described in the land use element, on natural resources located on public lands, including military installations, and provides

that the conservation element may also cover, among other things, flood control. The bill would require the land use element to identify and annually review those areas covered by the general plan that are subject to flooding as identified by floodplain mapping prepared by the Federal Emergency Management Agency or the Department of Water Resources and would require, upon the next revision of the housing element, on or after January 1, 2008, the conservation element of the general plan to identify rivers, creeks, streams, flood corridors, riparian habitat, and land that may accommodate floodwater for purposes of groundwater recharge and stormwater management. By imposing new duties on local public officials, the bill would create a state-mandated local program. This bill contains other related provisions and other existing laws.

CALAFCo Position: Watch

AB 1262(Caballero) Spheres of Influence

Status: 03/15/2007 Referred to Comm. on Local Government

HEARING DATE : 04/25/2007

Summary: Existing law requires a commission to develop and determine the sphere of influence of each local governmental agency within the county. Existing law requires, until January 1, 2008, that at least 30 days prior to submitting an application to the commission for a determination of a new sphere of influence or to update an existing sphere of influence for a city, representatives from the city meet with county representatives to discuss the proposed sphere and its boundaries, and to explore methods to reach agreement on the boundaries, development standards, and zoning requirements within the sphere, as specified. If an agreement is reached, it is required to be submitted to the commission, which shall give it great weight in the final determination of the city's sphere of influence. If no agreement is reached, the commission shall consider the applicant city's sphere of influence consistent with specified policies of the commission. This bill would delete the January 1, 2008, limitation provision and make the existing requirements permanent. This bill contains other related provisions and other existing laws.

CALAFCo Position: Support

Notes: The current bill only removes the sunset provision, with no other changes to the city/county meeting or process. By removing the sunset, this provision will become a permanent CKH requirement.

AB 1263(Caballero) Local agency formation commissions: MSR/ SOI determinations

Status: 03/15/2007 Referred to Comm. on Local Government

HEARING DATE : 04/11/2007

Summary: This bill would revise the determinations a commission is required to make and include in the written statement recommended by the CALAFCo Legislative Committee, based on CALAFCo survey and discussions among member LAFCos.

CALAFCo Position: Sponsor

SB 5(Machado) Flood management.

Status: 03/26/2007: From committee with author's amendments. Read second time. Amended. Re-referred to Senate Rules Committee.

Summary: The existing Disaster Preparedness and Flood Prevention Bond Act of 2006, approved by the voters at the November 7, 2006, statewide general election, authorizes the issuance and sale of bonds in the amount of \$4,090,000,000 for the purposes of financing disaster preparedness and flood prevention projects. That existing act requires the compilation of a state plan of flood control. This bill would make legislative findings and declarations regarding the necessity of developing a comprehensive integrated flood policy and flood management program that addresses all aspects of flood management, clarifying the roles and responsibilities of the state, local flood management agencies, cities and counties, developers, and property owners as part of an integrated flood policy, and integrating the flood-related funding authorized by those bond acts with the integrated flood policy and flood management program. The bill would state the intent of the Legislature to establish and clarify the roles and responsibilities of specified entities for managing flood risk and to invest bond funds made available by the bond acts consistent with those roles and responsibilities. This bill contains other existing laws.

CALAFCo Position: Placeholder – monitor

SB 17(Florez) Flood protection.

Status: 01/18/2007-To Comm. on Natural Resources and Water

Summary: Existing law establishes the 7-member Reclamation Board in the Department of Water Resources. Existing law requires the board members to be appointed and to serve at the pleasure of the Governor. Existing law prescribes compensation for each board member for time spent attending meetings of the board in the amount of \$100, except as specified. Existing law requires the board to elect one of its members as president. Existing law requires the board to appoint a secretary, who may be a board member, and authorizes the board to appoint a general manager, a chief engineer, and an assistant secretary. Existing law authorizes the board to employ certain other employees. This bill would rename the Reclamation Board the Central Valley Flood Protection Board. The bill would require the board to act independently of the department. The bill would prohibit the department from overturning any action or decision by the board. The bill would increase the membership of the board from 7 to 9 members. The bill would require 7 members to be appointed by the Governor, subject to Senate confirmation, 4 of whom would be required to meet specified eligibility requirements and 3 of whom would be designated as public members. The bill would require one board member to be appointed by the Senate Committee on Rules and one board member to be appointed by the Speaker of the Assembly and would designate those 2 members as public members. The bill, with a certain exception, would require the board members to serve 4-year terms. The bill would require the board members to receive a salary identical to that received by members of the State Air Resources Board. The bill would require the Governor to select one of the board members as president. The bill would repeal provisions relating to the appointment or employment of specified personnel and, instead,

authorize the board to appoint an executive officer and chief engineer and to employ legal counsel and other necessary staff. This bill contains other related provisions and other existing laws.

CALAFCo Position: Watch

SB 162(Negrete McLeod) Local government: organization.

Status: Mar. 20 Read second time. To third reading.

Summary: Existing law, the Cortese-Knox-Hertzberg Act, specifies the factors that a local agency formation commission is required to consider in the review of a proposal for a change of organization or reorganization including the comments of any affected local agency and information or comments from the landowner or owners, as specified. This bill would also require a local agency formation commission to consider information or comments from voters or residents of the affected territory and the extent that the proposal will promote environmental justice, as defined, thus creating a state-mandated local program. This bill contains other related provisions and other existing laws.

CALAFCo Position: Watch

Notes: Bill passed out of the Senate Local Government Committee on a 3-2 (party line vote). Speaking in support of the bill were CSDA, California Catholic Conference, the Planning and Conservation League, and California Rural Legal Assistance. No one spoke in opposition or is currently listed in opposition. It also passed out of Appropriations and has had its second reading on the Senate floor. The third reading in the Senate is scheduled for 26 March and then it will go over to the Assembly. The Assembly is not likely to take action until mid May or so.

The CALAFCO Board has not discussed or taken a position on the bill. CALAFCo Legislative Committee is scheduled to discuss this bill (among others) on 4 May in Sacramento.

SB 819(Hollingsworth) Local government: consolidation.

Status: 03/26/2007-Hearing postponed by committee. Set for hearing May 9.
Local Government Comm.

Summary: Existing law, the Cortese-Knox-Hertzberg Local Government Reorganization Act of 2000, establishes procedures for the organization and reorganization of cities and special districts. With respect to the consolidation of special districts, until January 1, 2005, the law required all of the districts to have been formed pursuant to the same principal act. Existing law, until July 1, 2008, permits the consolidation of 2 or more special districts not formed pursuant to the same principal act if certain procedures are followed. This bill would delete that July 1, 2008, expiration date on the authorization to consolidate 2 or more special districts not formed pursuant to the same principal act. This bill contains other related provisions and other existing laws.

CALAFCo Position: Sponsor

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21 March 2007

Assembly Member Anna Caballero
P.O. Box 942849
State Capitol, Room 3132
Sacramento, CA 94249-0028

**RE: SUPPORT of AB 1262 (Caballero): City/County Pre-Sphere
Application Meeting**

Dear Assembly Member Caballero:

The California Association of Local Agency Formation Commissions is pleased to support your bill, AB 1262.

This legislation removes the sunset on the required meeting between representatives of the county and city prior to an application for a new sphere of influence or to update an existing sphere of influence.

Sphere of Influence determinations are among the most important decisions Local Agency Formation Commissions (LAFCo) make in implementation of the State Legislature's previous direction and authorization in the Cortese-Knox-Hertzberg Local Government Reorganization Act of 2000. Having the county and city discuss a proposed sphere change in advance of an application to LAFCo often results in a collaborative approach to orderly growth within the county.

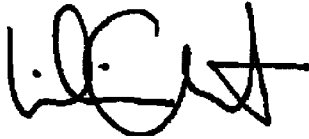
Removal of the sunset provision would make this a permanent provision of Cortese-Knox-Hertzberg. A majority of the state's LAFCos report positive results from the city/county meeting and feel strongly about the importance of retaining this requirement. As stated in the current law, a better application results when the city and county "... discuss the boundaries, development standards, and zoning requirements within the sphere to ensure that development within the sphere occurs in a manner that reflects the concerns of the affected city and is accomplished in a manner that promotes the logical and orderly development of areas within the sphere."

By statute, LAFCos have the authority to consider any sphere change in light of the legislative mandate to prevent sprawl, maintain orderly growth, preserve agriculture and open space, and assure efficient delivery of local services.

However, commissions give great weight to an agreement reached between the city and county as a result of these discussions. The meeting required in this legislation promotes dialogue and offers the opportunity for collaboration between the city and county on future growth. It provides valued input to the sphere determinations that the commission will ultimately make.

CALAFCO believes this legislation is an important tool to be retained in the commissions' toolbox to assist communities in orderly growth, preservation of open spaces, and effective local municipal services. We appreciate your authorship and support of this bill. Please feel free to contact me if I can provide additional information.

Yours sincerely,

A handwritten signature in black ink, appearing to read 'W. Chiat', with a stylized flourish extending to the right.

William Chiat,
Executive Director

c: CALAFCO Board of Directors
Members, Assembly Local Government Committee
Anya Lawler, Consultant, Assembly Local Government Committee

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15 March 2007

Assembly Member Anna Caballero
P.O. Box 942849
State Capitol, Room 3132
Sacramento, CA 94249-0028

**RE: SUPPORT and Sponsorship of AB 1263 (Caballero) Revision to
Municipal Service Review Determinations**

Dear Assembly Member Caballero:

The California Association of Local Agency Formation Commissions is pleased to sponsor your bill, AB 1263.

This bill revises the determinations a commission must make in its review of municipal services.

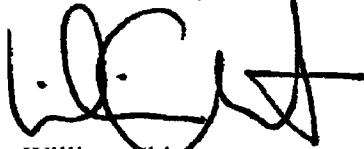
LAFCos have now had six years of practical experience in preparing municipal service reviews and sphere of influence studies. The initial determinations and content in §56430 were based on the best approximation at the time of what the service review should entail. The revisions posed in AB 1263 are based on the recommendations from an extensive survey of LAFCos and an 18 month-long dialogue among LAFCo staff and commissioners.

The revisions alter the order of the items to set a better context for the reviews and bring the determinations into alignment with related elements of Cortese-Knox-Hertzberg. Further, the bill's revision streamlines several sections by combining them and eliminates the difficult section on management efficiencies. An added subsection allows commissions to add other service delivery-related matters to the review that are appropriate for local conditions.

LAFCos report that study authors follow the order of the law. This bill brings the content of the reviews into closer alignment with the factors a commission must review in a SOI amendment. LAFCos expect that these changes will increase the value of the reports, eliminate redundancy, and result in clearer, more useful service reviews.

The revision to the service review determinations is important to the work and objectives of LAFCo. We appreciate your support of this bill and the work of the Commissions. Please feel free to contact me if I can provide additional information.

Yours sincerely,

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William Chiat,
Executive Director

c: CALAFCO Board of Directors
Members, Assembly Local Government Committee
Anya Lawler, Consultant, Assembly Local Government Committee

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21 March 2007

Senator Dennis Hollingsworth
State Capitol, Room 5064
Sacramento, CA 95814

**RE: SUPPORT and Sponsorship of SB 819 (Hollingsworth): LAFCo
Consolidation of Districts**

Dear Senator Hollingsworth:

The California Association of Local Agency Formation Commissions is pleased to sponsor your bill, SB 819.

This legislation continues the important authority of Local Agency Formation Commissions (LAFCo) to implement the previous direction of the State Legislature authorized in the Cortese-Knox-Hertzberg Local Government Reorganization Act of 2000.

In 2004 AB 2067 (Harman) was passed and signed by the Governor. It amended various sections of the Government Code to authorize LAFCos to approve a proposal for a change of organization or a reorganization that includes the consolidation of two or more special districts not formed pursuant to the same principal act. Prior to 2004, a LAFCo was authorized to consolidate districts formed only under the same principal act. At the time of passage, a sunset date of 1 July 2008 was added. This bill will remove the sunset provision.

In the two years since the law has been in effect, LAFCos report that the provision has been used in eight consolidations to date, with another 20 in process. The number is significant as the process is considered and deliberative – typically taking 12-18 months. With only one exception, the consolidations were the result of applications from the affected districts. Typical consolidation examples include: multiple water and/or wastewater districts into a single district; fire, park, and water districts into a community service district; and cemetery, drainage, irrigation, levee and fire into a single community services district. These consolidations were initiated to take advantage of economies of scale and insure the continuation of essential local government services in a cost effective and quality manner. Significant to the passage of this legislation, a survey of LAFCos

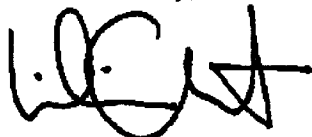
found the potential of more than 66 consolidations in the next few years involving well over 150 individual districts.

This bill also gives LAFCo the authority to initiate a proposal for a successor district. Without that power currently, consolidation of single purpose districts into a new multipurpose district may require an additional process initiated by one of the consolidating agencies. This adds time, cost and uncertainty to the process. In some instances, the constraints associated with existing law can cause delays in moving ahead with needed LAFCo studies or actions. Further, at times it may be politically more palatable for LAFCo to take the lead to initiate the proposal for a successor district. It should be noted that the proposed legislation does not give LAFCo power to create a successor district, simply to initiate the proposal and the subsequent process in the community.

A key legislative mandate for LAFCOs is the effective provision of local services. In certain situations, the most viable alternative for districts struggling financially or operationally to provide efficient local services is consolidation. CALAFCO believes this legislation is an important tool to be retained in the commissions' toolbox to assist communities in sustaining effective local municipal services.

We appreciate all of your efforts in authoring and in support of this bill. Please feel free to contact me if I can provide additional information.

Yours sincerely,

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William Chiat,
Executive Director

- c: Members, Senate Local Government Committee
- Peter Detwiler, Staff Director, Senate Local Government Committee
- Ryan Eisberg, Senate Republican Caucus
- CALAFCO Board of Directors