



Local Agency Formation Commission
2222 M Street
Merced, CA 95340
Phone (209) 385-7671 / Fax (209) 726-1710
www.lafcomerced.org

MEMO

DATE: May 16, 2019 (Agenda)

TO: LAFCO Commissioners

FROM: Bill Nicholson^{Bh}, Executive Officer

RE: Update on Legislation Tracked by the California Association of Local Agency Formation Commissions (CALAFCO) Legislative Committee and Consideration of Letter of Opposition on AB 600(Chu) and Letter of Support for AB 1822 (Committee on Local Government)
(Agenda Item VII.B)

The current legislation being tracked by CALFCO is presented in the attached document "CALAFCO Daily Legislative Report." As a member on the Legislative Committee, I will be prepared to give a brief summary of key legislation (the Priority 1 bills) the Legislative Committee has been tracking, and highlights from the Legislative Committee meeting held on May 3, 2019, in Sacramento.

As usual, there is much legislation of importance to LAFCO, most of it involving extensions of public services to disadvantaged unincorporated communities (DUCs), and proposals which create new administrative authorities to help struggling rural public water and wastewater providers (both special districts and mutual water companies).

At this time, CALAFCO has requested local Commissions send a letter of opposition to AB 600 (Chu) which has some significant requirements impacting local governments and LAFCOs, and to send a letter of support for AB 1822 (Committee on Local Government) for the annual omnibus bill sponsored by CALAFCO.

- AB 600 (Chu) originally requires all cities, counties and certain special districts to develop accessibility plans if they have disadvantaged unincorporated communities (DUCs) identified in the General Plan Land Use Element, and a lot of requirements for LAFCO involvement. Due to opposition from various stakeholders, including CALAFCO, the bill has been narrowed to target annexations next to DUCs and the assumption that simply because they are annexed into a city, that the city will have the infrastructure or financial capacity to provide services to the area. The author and the proponents have not been collaborative in seeking solutions with CALAFCO, CSDA, ACWA, and other interested parties.

- AB 1822 involves the annual omnibus bill sponsored by CALAFCO with non-controversial changes to the Cortese-Knox-Hertzberg Local Government Reorganization Act of 2000 contained in the Government Code, which clarifies and simplify various terms and provisions in the Act. CALAFCO works cooperative with other local government partners and the special districts to ensure there are no controversial items included in the omnibus bill.

Recommended Action

Approve a letter of opposition on AB 600 (Chu) and direct the Chair to sign it and send to the Honorable Kensen Chu and the Assembly Local Government Committee, Future requests for position on individual bills will be brought for consideration as the CALAFCO Legislative Committee seeks letters of support or opposition. However, if the Commission has interest in any legislation, direction can be given to send a position letter, and a copy can be forwarded to the CALAFO Legislative Committee for coordination.

Enclosures:

- 1) Letter of Opposition to AB 600 (Chu)
- 2) Letter of Support to AB 1822 (Committee on Local Government)
- 3) CALAFCO Daily Legislative Report (CALAFCO List of Current Bills and Priority as of April 29, 2019)



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May 16, 2019

The Honorable Kansen Chu
California State Assembly
State Capital Room 3126
Sacramento, CA 95814

Subject: Oppose AB 600 (as amended April 29, 2019)

Dear Assembly Member Chu:

The Local Agency Formation Commission of Merced County (LAFCo) joins the California Association of Local Agency Formation Commissions (CALAFCO) to remain opposed to your bill, Assembly Bill 600. LAFCos are aware of and concerned about the disparity of local public services, especially for residents and properties located within disadvantaged unincorporated communities (DUCs). All Californians deserve adequate and safe drinking water and wastewater facilities. CALAFCO supports your efforts to address these problems, which persist in many counties, however AB 600 in its current version does not represent a collective stakeholder dialogue with reasonable and systemic solutions to the problem.

The bill allows for an extension of service in lieu of annexation and we remain greatly concerned about extension of service without annexation. One of the primary statutory purposes of LAFCo is to ensure orderly growth. Extending services on an individual basis or by service category without annexation only serves to undermine the very purpose of jurisdictional boundaries and sphere of influence plans and conflicts with existing statute, Government Code Section 56133(b).

Another of LAFCos' statutory purposes is to ensure the effective and efficient provision of municipal services. Ultimately, the annexation of a DUC does not ensure they will receive adequate, safe drinking water. The reality is there are engineering and financial issues that must be solved in order to ensure service and this bill does not address those ongoing issues. We want to ensure that local circumstances and conditions are taken into consideration and this bill offers a "one size fits all" approach that may not be effective in many instances.

The bill adds (8)(C) to Government Code Section 56375. As written, this section creates confusion and contradicts §56375(8)(A). We believe the intention is to prohibit LAFCo from approving the annexation of two or more contiguous disadvantaged communities within five years that are individually less than ten acres but cumulatively more than ten acres. If so, then this language conflicts with §56375(8)(A), which allows for commission policies to guide the commission in determining the size of the area to be annexed. Further, the term "paragraph" as used in this section creates uncertainty as to what section or subsection is actually being addressed.

We support workable and sustainable policy solutions to the disparities in service delivery to disadvantaged communities. However a major obstacle remains the infrastructure and operational funding for these services. We believe that addressing the needs of DUCs through the planning process and finding tools to support the infrastructure deficiencies and implementation actions remain an important part of the solution.

The Honorable Kansen Chu
California State Assembly
May 16, 2019
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For all of the reasons noted above, the LAFCo of Merced County remains opposed to AB 600. Please contact me should you have any questions.

Yours sincerely,

Daron McDaniel
LAFCO Chair

Cc: Jimmy MacDonald, Consultant, Assembly Local Government Committee
William Weber, Consultant, Assembly Republican Caucus
Pamela Miller, Executive Director, CALAFCO



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May 16, 2019

Honorable Cecilia Aguiar-Curry, Chair
Assembly Local Government Committee
California State Assembly
State Capitol, Room 5144
Sacramento, CA 95814

RE: SUPPORT of AB 1822: Local Government Committee Omnibus Bill (as amended April 8, 2019)

Dear Chair Aguiar-Curry:

The Local Agency Formation Commission of Merced County (LAFCo) is pleased to support the Assembly Local Government Committee Bill AB 1822 (amended April 8, 2019) which makes technical, non-substantive changes to the Cortese-Knox-Hertzberg Local Government Reorganization Act of 2000 (the Act).

This annual bill includes technical changes to the Act which governs the work of LAFCos. These changes are necessary as Commissions implement the Act and small inconsistencies are found or clarifications are needed to make the law as unambiguous as possible. AB 1822 currently makes minor technical corrections to language used in the Act. The MercedLAFCo is grateful to your Committee, staff and CALAFCO, all of whom worked diligently on this language to ensure there are no substantive changes while creating a significant increase in the clarity of the Act for all stakeholders.

This legislation helps insure the Cortese-Knox-Hertzberg Act remains a vital and practical law that is consistently applied around the state. We appreciate your Committee's authorship and support of this bill, and your support of the mission of LAFCos.

Yours sincerely,

Daron McDaniel
LAFCO Chair

cc: Members, Assembly Local Government Committee
Jimmy MacDonald, Consultant, Assembly Local Government Committee
William Weber, Consultant, Assembly Republican Caucus
Pamela Miller, Executive Director, CALAFCO

CALAFCO Daily Legislative Report as of Monday, April 29, 2019

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AB 508 (Chu D) Drinking water: consolidation and extension of service: domestic wells.

Current Text: Amended: 4/11/2019 [html](#) [pdf](#)

Introduced: 2/13/2019

Last Amended: 4/11/2019

Status: 4/29/2019-Action From APPR.: Read second time.Re-referred to APPR..

Desk	Policy	Fiscal	Floor	Desk	Policy	Fiscal	Floor	Conf. Conc.	Enrolled	Vetoed	Chaptored
1st House				2nd House							

Calendar:

4/29/2019 #47 ASSEMBLY SECOND READING FILE -- ASSEMBLY BILLS

Summary:

The California Safe Drinking Water Act requires the State Water Resources Control Board, before ordering consolidation or extension of service, to, among other things, make a finding that consolidation of the receiving water system and subsumed water system or extension of service to the subsumed water system is appropriate and technically and economically feasible. This bill would modify the provision that authorizes consolidation or extension of service if a disadvantaged community is reliant on a domestic well described above to instead authorize consolidation or extension of service if a disadvantaged community, in whole or in part, is reliant on domestic wells that consistently fail to provide an adequate supply of safe drinking water.

Position: Watch

Subject: Disadvantaged Communities, Water

CALAFCO Comments: This bill allows the SWRCB to order an extension of service in the case a disadvantaged community has at least one residence that are reliant on a domestic well that fails to provide safe drinking water. It allows members of the disadvantaged community to petition the SWRCB to initiate the process. It allows the owner of the property to opt out of the extension. The bill also places limitations on fees, charges and terms and conditions imposed as a result of the extension of service. Finally, the extension of service does not require annexation in the cases where that would be appropriate.

AB 600 (Chu D) Local government: organization: disadvantaged unincorporated communities.

Current Text: Amended: 4/11/2019 [html](#) [pdf](#)

Introduced: 2/14/2019

Last Amended: 4/11/2019

Status: 4/29/2019-Action From APPR.: Read second time.Re-referred to APPR..

Desk	Policy	Fiscal	Floor	Desk	Policy	Fiscal	Floor	Conf. Conc.	Enrolled	Vetoed	Chaptored
1st House				2nd House							

Calendar:

4/29/2019 #48 ASSEMBLY SECOND READING FILE -- ASSEMBLY BILLS

Summary:

The Planning and Zoning Law requires a city or county, on or before the due date for the next adoption of its housing element, to review and update the land use element of its general plan based on available data, including, but not limited to, the data and analysis of unincorporated island, fringe, or legacy communities inside or near its boundaries, as provided. That law requires the updated land use element to include, among other things, an analysis of water, wastewater, stormwater drainage, and structural fire protection needs or deficiencies for each identified community. This bill would define the term "needs or deficiencies" for these purposes to mean both deficient services and lack of services, as specified.

Attachments:

[CALAFCO Oppose Letter REV April 19, 2019](#)

[LAFCo Oppose letter template REVISED](#)

[CALAFCO Oppose Letter April 16, 2019](#)

[LAFCo Oppose letter template](#)

Position: Oppose

Subject: Disadvantaged Communities, Water

Subject: Disadvantaged Communities, LAFCo Administration, Municipal Services, Special District Consolidations

CALAFCO Comments: This is a CALAFCO sponsored bill following up on the recommendation of the Little Hoover Commission report of 2017 for the Legislature to provide LAFCos one-time grant funding for in-depth studies of potential reorganization of local service providers. Last year, the Governor vetoed AB 2258 - this is the same bill. The Strategic Growth Council (SGC) will administer the grant program. Grant funds will be used specifically for conducting special studies to identify and support opportunities to create greater efficiencies in the provision of municipal services; to potentially initiate actions based on those studies that remove or reduce local costs thus incentivizing local agencies to work with the LAFCo in developing and implementing reorganization plans; and the dissolution of inactive districts (pursuant to SB 448, Wieckowski, 2017). The grant program would sunset on July 31, 2024.

The bill also changes the protest threshold for LAFCo initiated actions, solely for the purposes of actions funded pursuant to this new section. It allows LAFCo to order the dissolution of a district (outside of the ones identified by the SCO) pursuant to Section 11221 of the Elections code, which is a tiered approach based on registered voters in the affected territory (from 30% down to 10% depending).

The focus is on service providers serving disadvantaged communities. The bill also requires LAFCo pay back grant funds in their entirety if the study is not completed within two years and requires the SGC to give preference to LAFCos whose decisions have been aligned with the goals of sustainable communities strategies.

The fiscal request is \$1.5 million over 5 years. CALAFCO is attempting to get this in the May revise budget so there is no General Fund appropriation (the reason Gov. Brown vetoed the bill).

AB 1389 (Eggman D) Special districts: change of organization: mitigation of revenue loss.

Current Text: Introduced: 2/22/2019 [html](#) [pdf](#)

Introduced: 2/22/2019

Status: 3/14/2019-Referred to Com. on L. GOV.

Desk	Policy	Fiscal	Floor	Desk	Policy	Fiscal	Floor	Conf. Conc.	Enrolled	Vetoed	Chaptured
1st House				2nd House							

Summary:

Would authorize the commission to propose, as part of the review and approval of a proposal for the establishment of new or different functions or class of services, or the divestiture of the power to provide particular functions or class of services, within all or part of the jurisdictional boundaries of a special district, that the special district, to mitigate any loss of property taxes, franchise fees, and other revenues to any other affected local agency, provide payments to the affected local agency from the revenue derived from the proposed exercise of new or different functions or classes of service.

Position: Watch

Subject: CKH General Procedures

CALAFCO Comments: This bill allows LAFCo, when approving a proposal for new or different functions or class of service for a special district, to propose the district provide payments to any affected local agency for taxes, fees or any other revenue that may have been lost as a result of the new service being provided.

AB 1751 (Chiu D) Water and sewer system corporations: consolidation of service.

Current Text: Amended: 3/21/2019 [html](#) [pdf](#)

Introduced: 2/22/2019

Last Amended: 3/21/2019

Status: 4/24/2019-VOTE: Do pass as amended and be re-referred to the Committee on [Appropriations]

Desk	Policy	Fiscal	Floor	Desk	Policy	Fiscal	Floor	Conf. Conc.	Enrolled	Vetoed	Chaptured
1st House				2nd House							

Summary:

Current law authorizes the State Water Resources Control Board to order consolidation of public water systems where a public water system or state small water system serving a disadvantaged community consistently fails to provide an adequate supply of safe drinking water, as provided. This bill, the Consolidation for Safe Drinking Water Act of 2019, would authorize a water or sewer system corporation to file an application and obtain approval from the commission through an

protest level, if the district wants to substantially expand services outside the zone. This is unrelated to 56133. CALAFCO will retain a Watch position.

SB 414 (Caballero D) Small System Water Authority Act of 2019.

Current Text: Amended: 4/4/2019 [html](#) [pdf](#)

Introduced: 2/20/2019

Last Amended: 4/4/2019

Status: 4/22/2019-April 22 hearing: Placed on APPR. suspense file.

Desk	Policy	Fiscal	Floor	Desk	Policy	Fiscal	Floor	Conf. Conc.	Enrolled	Vetoed	Chaptered
1st House				2nd House							

Summary:

Would create the Small System Water Authority Act of 2019 and state legislative findings and declarations relating to authorizing the creation of small system water authorities that will have powers to absorb, improve, and competently operate noncompliant public water systems. The bill, no later than March 1, 2020, would require the state board to provide written notice to cure to all public agencies, private water companies, or mutual water companies that operate a public water system that has either less than 3,000 service connections or that serves less than 10,000 people, and are not in compliance, for the period from July 1, 2018, through December 31, 2019, with one or more state or federal primary drinking water standard maximum contaminant levels, as specified.

Position: Watch

Subject: Water

CALAFCO Comments: This bill is very similar to AB 2050 (Caballero) from 2018. Several changes have been made. This bill is sponsored by Eastern Municipal Water District and the CA Municipal Utilities Assoc. The intent is to give the State Water Resources Control Board (SWRCB) authority to mandate the dissolution of existing drinking water systems (public, mutual and private) and authorize the formation of a new public water authority. The focus is on non contiguous systems. The SWRCB already has the authority to mandate consolidation of these systems, this will add the authority to mandate dissolution and formation of a new public agency.

LAFCo will be responsible for dissolving any state mandated public agency dissolution, and the formation of the new water authority. The SWRCB's appointed Administrator will act as the applicant on behalf of the state. LAFCo will have ability to approve with modifications the application, and the new agency will have to report to the LAFCo annually for the first 3 years.

SB 646 (Morrell R) Local agency utility services: extension of utility services.

Current Text: Amended: 4/11/2019 [html](#) [pdf](#)

Introduced: 2/22/2019

Last Amended: 4/11/2019

Status: 4/18/2019-Set for hearing May 1.

Desk	Policy	Fiscal	Floor	Desk	Policy	Fiscal	Floor	Conf. Conc.	Enrolled	Vetoed	Chaptered
1st House				2nd House							

Calendar:

5/1/2019 9:30 a.m. - Room 112 SENATE GOVERNANCE AND FINANCE, MCGUIRE, Chair

Summary:

The Mitigation Fee Act, among other things, requires fees for water or sewer connections, or capacity charges imposed by a local agency to not exceed the estimated reasonable cost of providing the service for which the fee or charge is imposed, unless a question regarding the amount of the fee or charge imposed in excess of the reasonable cost of providing the service or materials is submitted to and approved by 2/3 of the electors voting on the issue. This bill would state that a fee or charge for the extension of water or sewer service may not be utilized for facilities or services other than those for which the fee or charge is imposed.

Position: Neutral

Subject: CKH General Procedures

CALAFCO Comments: UPDATE AS OF THE 4/11/19 AMENDMENTS: These amendments address all of our concerns and the bill now only addresses fees.

This bill does 3 things. (1) Seeks to add a provision to 56133 that requires LAFCo to approve an extension of service regardless of whether a future annexation is anticipated or not. It further requires the service provider to extend the provision of service to a property owner regardless of a whether there is a pending annexation or pre-annexation agreement. The newly proposed subsection directly contradicts subsection (b). (2) Changes the definition of "fee" by requiring the

Calendar:

5/1/2019 1:30 p.m. - State Capitol, Room 447 ASSEMBLY LOCAL GOVERNMENT, AGUIAR-CURRY, Chair

Summary:

Current law provides for the establishment and operations of various water districts. This bill would specifically authorize a water district, as defined, to enter into a contract with a Native American tribe to receive water deliveries from an infrastructure project on tribal lands.

Position: Watch

Subject: Municipal Services, Water

CALAFCO Comments: This bill amends the water code to allow a Native American tribe to sell/deliver water to a water district (as defined in the water code section 20200).

SB 379 (Committee on Governance and Finance) Validations.

Current Text: Introduced: 2/20/2019 [html](#) [pdf](#)

Introduced: 2/20/2019

Status: 4/4/2019-Read third time. Urgency clause adopted. Passed. (Ayes 36. Noes 0.) Ordered to the Assembly. In Assembly. Read first time. Held at Desk.

Desk	Policy	Fiscal	Floor	Desk	Policy	Fiscal	Floor	Conf. Conc.	Enrolled	Vetoed	Chaptered
1st House				2nd House							

Summary:

This bill would enact the First Validating Act of 2019, which would validate the organization, boundaries, acts, proceedings, and bonds of the state and counties, cities, and specified districts, agencies, and entities.

Attachments:

[CALAFCO Support March 2019](#)

Position: Support

Subject: LAFCo Administration

CALAFCO Comments: This is one of three annual validating acts.

SB 380 (Committee on Governance and Finance) Validations.

Current Text: Introduced: 2/20/2019 [html](#) [pdf](#)

Introduced: 2/20/2019

Status: 4/4/2019-Read third time. Urgency clause adopted. Passed. (Ayes 36. Noes 0.) Ordered to the Assembly. In Assembly. Read first time. Held at Desk.

Desk	Policy	Fiscal	Floor	Desk	Policy	Fiscal	Floor	Conf. Conc.	Enrolled	Vetoed	Chaptered
1st House				2nd House							

Summary:

This bill would enact the Second Validating Act of 2019, which would validate the organization, boundaries, acts, proceedings, and bonds of the state and counties, cities, and specified districts, agencies, and entities.

Attachments:

[CALAFCO Support March 2019](#)

Position: Support

Subject: LAFCo Administration

CALAFCO Comments: This is one of three annual validating acts.

SB 381 (Committee on Governance and Finance) Validations.

Current Text: Introduced: 2/20/2019 [html](#) [pdf](#)

Introduced: 2/20/2019

Status: 4/4/2019-Read third time. Passed. (Ayes 36. Noes 0.) Ordered to the Assembly. In Assembly. Read first time. Held at Desk.

Desk	Policy	Fiscal	Floor	Desk	Policy	Fiscal	Floor	Conf. Conc.	Enrolled	Vetoed	Chaptered
1st House				2nd House							

Summary:

This bill would enact the Third Validating Act of 2019, which would validate the organization, boundaries, acts, proceedings, and bonds of the state and counties, cities, and specified districts, agencies, and entities.

Attachments:

[CALAFCO Support March 2019](#)

Attachments:

[CALAFCO Oppose unless amended letter April 2019](#)

Position: Oppose unless amended

CALAFCO Comments: This is a special act district formation. The bill takes what is currently a JPA and transforms it into a special district. The bill specifically addresses annexations and detachments and dissolution processes that do not include LAFCo. Also of concern is the lack of specificity in the process for adding new board members when a territory is annexed.

SB 654 (Moorlach R) Local government: planning.

Current Text: Introduced: 2/22/2019 [html](#) [pdf](#)

Introduced: 2/22/2019

Status: 3/14/2019-Referred to Com. on RLS.

Desk	Policy	Fiscal	Floor	Desk	Policy	Fiscal	Floor	Conf. Conc.	Enrolled	Vetoed	Chaptered
1st House				2nd House							

Summary:

Current law, the Cortese-Knox-Hertzberg Local Government Reorganization Act of 2000, makes certain findings and declarations relating to local government organizations, including, among other things, the encouragement of orderly growth and development, and the logical formation and modification of the boundaries of local agencies, as specified. This bill would make nonsubstantive changes to these findings and declarations.

Position: Watch

CALAFCO Comments: This is a spot bill. The author indicates he has no plans to use this for LAFCo law.

SB 780 (Committee on Governance and Finance) Local Government Omnibus Act of 2019.

Current Text: Amended: 4/11/2019 [html](#) [pdf](#)

Introduced: 2/28/2019

Last Amended: 4/11/2019

Status: 4/25/2019-From committee: Do pass and re-refer to Com. on APPR. with recommendation: To consent calendar. (Ayes 7. Noes 0.) (April 24). Re-referred to Com. on APPR.

Desk	Policy	Fiscal	Floor	Desk	Policy	Fiscal	Floor	Conf. Conc.	Enrolled	Vetoed	Chaptered
1st House				2nd House							

Summary:

Current law requires the governing body of a public agency, within 70 days after the commencement of the agency's legal existence, to file with the Secretary of State, on a form prescribed by the secretary, and also with the county clerk of each county in which the public agency maintains an office, a specified statement of facts about the agency. Current law requires this information to be updated within 10 days of a change in it. Current law requires the Secretary of State and each county clerk to establish and maintain an indexed Roster of Public Agencies that contains this information. This bill would instead require the Secretary of State and each county clerk to establish and maintain an indexed Registry of Public Agencies containing the above-described information.

Position: Watch

CALAFCO Comments: This is the Senate Governance & Finance Committee's annual Omnibus bill.

Total Measures: 20

Total Tracking Forms: 20

4/29/2019 5:14:09 PM