

LAFCO

Santa Barbara Local Agency Formation Commission

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March 1, 2012 (Agenda)

Local Agency Formation Commission

105 East Anapamu Street

Santa Barbara CA 93101

Report on CALAFCO Board of Directors and Legislative Committee Meetings

Dear Members of the Commission:

RECOMMENDATION

It is recommended the Commission receive this report and provide direction as appropriate.

DISCUSSION

Members of the Commission have requested reports on pending legislation as discussed by the CALAFCO Legislative Committee and Board of Directors. We plan to provide these regular updates whenever such information becomes available. Enclosed are:

- CALAFCO Quarterly Report (February 2012)
- Report to Legislative Committee re Board of Directors February 10 meeting
- CALAFCO Board of Directors meeting on February 10, 2012
 - Agenda
 - Report re appointment to fill city vacancy from Southern Region
 - Report on CALAFCO Legislative Policies
 - Report on CALAFCO Legislative Committee
 - Report on G.C. Section 56133 – Extension of Services Proposal
 - Report on 2012-13 CALAFCO Member Dues
- CALAFCO Legislative Committee
 - Summary Minutes from meeting on November 18, 2011
 - Summary Minutes from meeting on January 20, 2012

Commissioners: Jeff Moorhouse, Chair ♦ Lupe Alvarez ♦ Doreen Farr ♦ Bob Orach ♦ Cathy Schlottmann ♦ Bob Short
Janet Wolf ♦ Joe Armendariz ♦ John Fox ♦ Steve Lavagnino ♦ Roger Welt **Executive Officer:** Bob Braitman

AGENDA ITEM NO. 14

Local Agency Formation Commission
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- Correspondence to CALAFCO (February 17, 2012) confirming the Santa Barbara LAFCO does on support the changes in G.C. Section 56133 as proposed.
- Letter to CALAFCO from Environmental Defense Center (February 8, 2012) regarding G.C. Section 56133 – Out of Agency Services

Please contact the LAFCO office if you have questions or would like to discuss these matters.

Sincerely,



BOB BRAITMAN
Executive Officer

News from the Board of Directors

CALAFCO QUARTERLY

February 2012



New Board Member Appointed

The CALAFCO Board of Directors met in Irvine on Friday, February 10th. The Board appointed Riverside LAFCo Commissioner **Eugene Montanez** to fill the vacancy created when Jon Edney lost his council race in November. Commissioner Montanez is the Mayor of Corona. His seat is the city commissioner from the Southern Region. It will be up for election at the annual conference this fall.

Board member **Cathy Schlottmann** announced she was not reappointed as a special district commissioner on the Santa Barbara LAFCo. The Board thanked her for her service. The Coastal Region is conducting a process to identify a special district commissioner from the region to recommend for appointment to the Board. Interested commissioners should send their name to executive officer Lou Ann Texeira (Contra Costa LAFCo).

Legislative Activities

CALAFCO policy calls for the Board to approve legislative policies and priorities annually. After receiving recommendations from the Legislative Committee, the Board of Directors adopted the **2012 Legislative Policies and Priorities**. Two new policies were added:

- * Support continuance of the Williamson Act and restore subvention payments
- * Support proposals which provide LAFCo with additional tools to encourage shared services amongst local agencies

The Policies are available on the CALAFCO web site.

The Board was updated on current Legislative Committee action, including work on the Assembly Omnibus bill. In addition to several technical changes to Cortese-Knox-Hertzberg, the bill is expected to include the first phase of the protest provisions update project. Staff is working on three additional initiatives: 1) transfer of principal county for sphere of influence changes; 2) allow LAFCo to be eligible to apply for Strategic Growth Council Grants; and 3) streamline the waiver of notice and protest proceedings for county service area proposals.

Currently bills are being introduced as they return from Legislative Counsel. As of the Board meeting staff had not seen any other bills that affect LAFCo. If any are introduced they appear on the CALAFCO web site. The Board discussed two issues from the Legislative Committee:

- * **56133 Service Extension Authority** – The Board discussed the proposal and evaluated feedback received from LAFCos (one oppose, one 'not support', and five support) as well as a letter from the Environmental Defense Center requesting stakeholder input before proceeding. The Board felt it was important to have involvement of the all

stakeholders before seeking legislation. They adopted a position to initiate conversations with the environmental and agricultural communities with the goal of introducing language in 2013.

- * **LAFCo Name Change** – A member LAFCo requested the Association consider seeking a name change for LAFCo. The Board voted unanimously not to proceed with pursuing the idea. They felt there was not sufficient justification to proceed nor the CALAFCO resources that would be required for the effort.

New White Paper Released

CALAFCO staff and consultants have completed a major update to a research paper. "*LAFCos, General Plans and City Annexations*" is a Governor's Office of Planning and Research (OPR) paper that was last updated in 1997 – before CKH. CALAFCO worked closely with OPR on the rewrite of this paper. It is now available for download from the CALAFCO web site.

Plans Proceed for the 2012 Staff Workshop

The Staff Workshop is scheduled for April 25th–27th in Murphys (Calaveras County). With the theme *LAFCos in a Brave New World*, a series of in-depth sessions are planned for executive officers, clerks, analysts and counsel covering a breadth of LAFCo issues. The mobile workshop highlights the historic Utica Power Authority power and water systems. The workshop will be preceded by a CALAFCO University course *Shared Services and Service Efficiencies*. Detailed information and registration is available on the CALAFCO web site.

CALAFCO Administration

The Board addressed several administrative issues. The quarterly financial reports were reviewed. The budget is on track for the year with no changes anticipated. The Board considered the 2012-13 dues. CALAFCO Bylaws call for the dues to increase annually by the state CPI. For the last three years the Board has voted not to implement the increase because of the economic crisis. Costs continue to increase, however and for 2012-13 the Board did not bely the CPI increase. The dues increase will be 2.2%.

The Board reviewed its policy on guest meals at conferences and workshops. The Board reiterated its policy that guests must purchase any meals they plan on eating. Meal tickets and conference registrations are not transferable to guests.

Bill Chiat Announces Retirement

CALAFCO Executive Director Bill Chiat announced that he would be retiring after eight years of service. He will be staying on through the CALAFCO conference in October. Chair Jerry Gladbach is heading a committee that will oversee the recruitment. An RFP is expected this spring.

From: Bill Chiat
Sent: Sunday, February 12, 2012
Subject: **Legislative Update from Board Meeting**

Dear Legislative Committee Members:

The CALAFCO Board of Directors met in Irvine on Friday and considered several legislative items which the Committee sent to the Board for consideration:

1. **Legislative Policies:** The Board adopted the Committee-recommended policies along with the request from Monterey LAFCo to add a policy regarding support of the Williamson Act. The new sections are 3.5 (Williamson Act) and 5.5 (shared services). The policies are available on the web site at: [CALAFCO 2012 Legislative Policies](#).
2. **56133 Service Extensions:** The Board discussed this proposal and evaluated feedback received from LAFCos to date (one oppose, one 'not support', and five support). The Board also received a letter from the Environmental Defense Center requesting additional stakeholder input before proceeding. The Board felt it was important to have involvement of the environmental and agricultural communities before seeking legislation. They voted to adopt a position similar to the Committee recommendation: support the service extension language in 2012 if sponsored by others, otherwise begin a conversation with the environmental and agricultural communities this summer with the goal of introducing language for the 2013-14 session. The Board had several suggestions to strengthen the description of the proposal (not the proposed language). Attached please find an updated description of our proposal, along with the letter received from the EDC.
3. **LAFCo Name Change:** The Board voted unanimously not to proceed with pursuing a name change for LAFCo. They felt there was not sufficient justification to proceed nor the CALAFCO resources that would be required for the effort.

Please let me know if you have any questions. The next meeting of the Committee is Friday, March 16th in Oakland. Cheers! BC

Bill Chiat
Executive Director

California Association of Local Agency Formation Commissions
1215 K Street, Suite 1650
Sacramento, CA 95814
916/442-6536
www.calafco.org

Board of Directors Meeting

Friday, 10 February 2012

10:00 a.m. to 3:00 p.m.

Best Best & Krieger, 5 Park Plaza, 15th Floor
Irvine, California

MEETING AGENDA

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Call to Order and Establish Quorum	Chair Gladbach	
CONSENT		
1. Minutes, 4 November 2011 Board Meeting*	Marjorie Blom	1
ACTION		
2. Appointment of Board Member to Fill Vacancy*	Bill Chiat	5
3. FY 2011-12 CALAFCO Quarterly Financial Report*	Lou Ann Texeira	7
4. Investment and Bank Account Report*	Lou Ann Texeira	13
5. Adopt 2012 CALAFCO Legislative Policies*	Bill Chiat	15
6. Legislative Committee Report		
a. Update on Current Legislation	Bill Chiat	
b. Summary of Committee Action*	Bill Chiat	21
c. §56133 Extension of Services Proposal*	Bill Chiat	31
7. CALAFCO 2012-13 Member Dues*	Bill Chiat	41
8. CALAFCO Policy on Guests at Conferences and Workshops*	Bill Chiat	43
9. Proposal to Consider a Name Change for LAFCo*	Bill Chiat	47
INFORMATION		
10. Legislative Analyst Office Report on Special Districts and LAFCo*	Bill Chiat	53
11. 2012 Staff Workshop Update	Texeira/Blom/Lucas	
12. 2012 Annual Conference Update	Marjorie Blom	
13. CALAFCO University Update	June Savala	
14. CALAFCO/OPR White Paper on CEQA	Lou Ann Texeira	
15. 2012 Conflict of Interest Reports*	Bill Chiat/Clark Alsop	79
16. Board Member Reports and Announcements		
17. Executive Director's Report	Bill Chiat	
EXECUTIVE SESSION		
18. Annual Performance Review of Executive Director	Chair Gladbach	
Adjourn to 4 May 2012 Board of Directors Meeting in Marysville at 10:00 a.m.		

* Staff Report included in agenda packet. The remaining reports will be given orally at the meeting. If you have any questions or desire additional information please call Bill Chiat at (916) 442-6536.

BOARD OF DIRECTORS MEETING STAFF REPORT

10 February 2012

Agenda Item No. 2 Appointment of Board Member to Fill Vacancy

Prepared By: William Chiat, Executive Director
Clark Alsop, Legal Counsel

Date: 10 February 2012

RECOMMENDATION

1. Appoint Commissioner Eugene Montanez of Riverside LAFCo to fill the vacant city Board seat from the Southern Region.

DISCUSSION

At the November, 2011 general election Board Member Jon Edney of Imperial LAFCo lost his reelection bid to his City Council seat. As a result this creates a vacancy on the CALAFCO Board for a city member from the Southern Region. Had he remained on the Board the term would expire at the annual meeting this fall.

The CALAFCO Bylaws provides the Board authority to fill the position by appointment for the balance of the unexpired term (4.2.5). In the past, your Board has chosen to fill a vacant seat, and if that seat had a contested election at the most recent election, you have appointed the second highest vote recipient. At the 2010 election the Southern Region elected a city member who subsequently lost her seat on the city council. Mr. Edney was the second highest vote recipient and was appointed by your Board in December 2010 to fill the seat. The Southern Region was contacted to identify a candidate for Board consideration to fill the vacancy. The Region nominated Riverside LAFCo Commissioner and Corona Mayor Eugene Montanez.

Staff has contacted Mayor Montanez and he has indicated his willingness to fill the vacant seat from the Southern Region. He plans to attend and is prepared to participate in your February meeting.

CALAFCO has been notified that Cathy Schlottmann was not reappointed to her Santa Barbara LAFCo seat effective 1 March 2012. Her seat is up for election this fall. Staff is currently working with the Coastal Region to identify a special district commissioner from the region for recommendation to the Board to appoint at your May meeting.

BOARD OF DIRECTORS MEETING STAFF REPORT

10 February 2012

**Agenda Item No. 5
2012 CALAFCO Legislative Policies**

Prepared By: William Chiat, Executive Director and Legislative Committee Chair

Date: 10 February 2012

RECOMMENDATION

1. Consider recommended language from the Legislative Committee and Monterey LAFCo and adopt the 2012 Legislative policies.

DISCUSSION

At the November, 2007 meeting your Board adopted a new, comprehensive set of legislative policies and procedures. These serve as the guideposts for your Legislative Committee and the work of staff during the legislative session. The CALAFCO legislative procedure calls for the Board's annual review and adoption of the policies at its fall meeting. The Policies were briefly considered at your November meeting and you requested the Legislative Committee bring any recommendations prior to adopting the 2012 policies.

The Legislative Committee met on 18 November 2011 and reviewed the policies. The Committee recommended adding language to reflect the interest in supporting shared services. In addition several minor wording changes were recommended to reflect current law. Subsequent to the Legislative Committee a request from Monterey LAFCo was received requesting language specific to support of the Williamson Act. Your Board has made several policy decisions in the past to support the Williamson Act. Staff has included the Monterey language in the proposed 2012 Legislative Policies as draft policy 3.5.

ATTACHMENT

- 5a 2012 Proposed CALAFCO Legislative Policies
- 5b Request for Williamson Act Policy from Monterey LAFCo



CALAFCO 2011 Legislative Policies

DRAFT for Consideration by Board of Directors on 10 February 2012

1. LAFCo Purpose and Authority

- 1.1. Support legislation which enhances LAFCo authority and powers to carry out the legislative findings and authority in Government Code §56000 et. seq.
- 1.2. Support authority for each LAFCo to establish local policies to apply Government Code §56000 et. seq. based on local needs and conditions, and oppose any limitations to that authority.
- 1.3. Oppose additional LAFCo responsibilities which require expansion of current local funding sources. Oppose unrelated responsibilities which dilute LAFCo ability to meet its primary mission.
- 1.4. Support alignment of responsibilities and authority of LAFCo and regional agencies which may have overlapping responsibilities in orderly growth, preservation, and service delivery, and oppose legislation or policies which create conflicts or hamper those responsibilities.
- 1.5. Oppose grants of special status to any individual agency or proposal to circumvent the LAFCo process.
- 1.6. Support individual commissioner responsibility that allows each commissioner to independently vote his or her conscience on issues affecting his or her own jurisdiction.

2. LAFCo Organization

- 2.1. Support the independence of LAFCo from local agencies.
- 2.2. Oppose the re-composition of any or all LAFCos without respect to the existing balance of powers that has evolved within each commission or the creation of special seats on a LAFCo.

- 2.3. Support representation of special districts on all LAFCos in counties with independent districts and oppose removal of special districts from any LAFCo.
- 2.4. Support communication and collaborative decision-making among neighboring LAFCos when growth pressures and multicounty agencies extend beyond a LAFCo's boundaries.

3. Agricultural and Open Space Protection

- 3.1. Support legislation which clarifies LAFCo authority to identify, encourage and insure the preservation of agricultural and open space lands.
- 3.2. Encourage a consistent definition of agricultural and open space lands.
- 3.3. Support policies which encourage cities, counties and special districts to direct development away from prime agricultural lands.
- 3.4. Support policies and tools which protect prime agricultural and open space lands.
- 3.5. Support the continuance of the Williamson Act and restore program funding through State subvention payments.

4. Orderly Growth

- 4.1. Support the recognition and use of spheres of influence as the management tool to provide better planning of growth and development, and to preserve agricultural, and open space lands.
- 4.2. Support adoption of LAFCo spheres of influence by other agencies involved in determining and developing long-term growth and infrastructure plans.
- 4.3. Support orderly boundaries of local agencies and the elimination of

islands within the boundaries of agencies.

- 4.4. Support communication between cities, counties, and special districts through a collaborative process that resolves service, housing, land use, and fiscal issues prior to application to LAFCo.
- 4.5. Support cooperation between counties and cities on decisions related to development within the city's designated sphere of influence.

5. Service Delivery and Local Agency Effectiveness

- 5.1. Support the use of LAFCo resources to prepare and review Regional Transportation Plans and other growth plans to ensure reliable services, orderly growth, sustainable communities, and conformity with LAFCo's legislative mandates.
- 5.2. Support LAFCo authority and tools which provide communities with local governance and efficient service delivery options, including the authority to impose conditions that assure a proposal's conformity with LAFCo's legislative mandates.
- 5.3. Support the creation or reorganization of local governments in a deliberative, open process which will fairly evaluate the proposed agency's long-term financial viability, governance structure and ability to efficiently deliver proposed services.
- 5.4. Support the availability of tools for LAFCo to insure equitable distribution of revenues to local government agencies consistent with their service delivery responsibilities.
- 5.5. Support collaborative efforts among agencies and LAFCOs that encourage opportunities for sharing of services, staff and facilities to provide more efficient and cost effective services. Support proposals which provide LAFCo with additional tools to encourage shared services.

2012 Legislative Priorities

Primary Issues

Viability of Local Governments Support legislation that maintains or enhances LAFCo's ability to review and act to assure the efficient and sustainable delivery of local services and the financial viability of agencies providing those services to meet current and future needs. Support legislation which provides LAFCo and local communities with options for local governance and service delivery, including incorporation as a city or formation as a special district. Support efforts which provide tools to local agencies to address fiscal challenges and maintain services.

Authority of LAFCo Support legislation that maintains or enhances LAFCo's authority to condition proposals to address any or all financial, growth, service delivery, and agricultural and open space preservation issues.

Agriculture and Open Space Protection Preservation of prime agriculture and open space lands that maintain the quality of life in California. Support policies that recognize LAFCo's ability to protect and mitigate the loss of prime agricultural and open space lands, and that encourage other agencies to coordinate with local LAFCOs on land preservation and orderly growth.

Water Availability Promote adequate water supplies and infrastructure planning for current and planned growth. Support policies that assist LAFCo in obtaining accurate and reliable water supply information to evaluate current and cumulative water demands for service expansions and boundary changes including impacts of expanding private and mutual water company service areas on orderly growth.

Issues of Interest

Housing	Provision of territory and services to support affordable housing and the consistency of regional land use plans with local LAFCo policies.
Transportation	Effects of Regional Transportation Plans and expansion of transportation systems on future urban growth and service delivery needs, and the ability of local agencies to provide those services.
Flood Control	The ability and effectiveness of local agencies to maintain and improve levees and the public safety of uninhabited territory proposed for annexation to urban areas which is at risk for flooding. Support legislation that includes <u>security of delta the and</u> assessment of agency viability in decisions involving new funds for levee repair.
Adequate Municipal Services in Inhabited Territory	Expedited processes for inhabited annexations should be consistent with LAFCo law and be fiscally viable. Funding sources should be identified for extension of municipal services to <u>underserved inhabited disadvantaged unincorporated</u> communities, including option for annexation of contiguous <u>disadvantaged</u> unincorporated communities.

LOCAL AGENCY FORMATION COMMISSION
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KATE McKENNA, AICP
Executive Officer

January 17, 2012

Jerry Gladbach, Chair
Board of Directors
California Association of Local Agency Formation Commissions
1215 K Street, Suite 1650
Sacramento, CA 95814

Dear Chair Gladbach,

On behalf of the Local Agency Formation Commission of Monterey County, I am writing to request that the Board of Directors consider an addition to the CALAFCO 2012 Legislative Policies at its meeting on February 10.

We strongly support the adopted Agricultural and Open Space Protection policies and appreciate CALAFCO's advocacy on behalf of these policies, including past efforts in support of the California Land Conservation ("Williamson") Act. We believe that CALAFCO and member interests would be well served by adding a new policy that specifically addresses the Williamson Act. This program protects approximately half of the State's farmland, and plays a critical role in protecting the Central Coast's agricultural resources from urban sprawl.

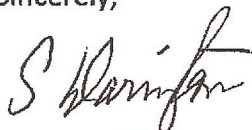
Please consider adding a policy to reinforce CALAFCO's position in support of this important State program. Suggested new language is as follows:

Policy 3.5. Support the continuance of the Williamson Act and restore program funding through State subvention payments.

The Commission also wishes to convey its delight in serving as host of the 2012 Annual CALAFCO Conference. Our commitment is to work closely with your Conference Committee and Staff to accomplish a successful program in a beautiful setting. We look forward to welcoming all of you to Monterey in October.

Thank you for your consideration of our request. Please contact Executive Officer Kate McKenna to answer any questions or for more information.

Sincerely,

A handwritten signature in black ink, appearing to read "S. Darington". The signature is fluid and cursive, with a large initial "S" and a long, sweeping underline.

Sherwood Darington
Chair and Public Member

cc: Mr. Bill Chiat, CALAFCO Executive Director

BOARD OF DIRECTORS MEETING STAFF REPORT
10 February 2012

Agenda Item No. 6b
CALAFCO Legislative Committee Report

Prepared By: William Chiat, Executive Director and Legislative Committee Chair

Date: 10 February 2012

RECOMMENDATION

- a. Receive and file report.

DISCUSSION

Since the last Board meeting the Legislative Committee has met twice on November 18, 2011 and January 20, 2012. The Committee is working on a robust set of proposed legislation, with the hope of placing most of it in either the 2012 Assembly Committee on Local Government Omnibus bill or a Committee bill.

2012 is the second year of the Legislature's two-year session. The Legislature spent January on actions related to two-year bills from 2011. The last day for each house to pass bills introduced in 2011 was January 31st. Because this is the second year, the number of new bills that can be introduced is somewhat limited. The deadline for submission of new bills to Legislative Counsel was January 27th. We will begin seeing those bills introduced in early February. At this time I am not aware of any specific bills affecting LAFCo that will be introduced. There will likely be more bills related to agency transparency, benefit and compensation limitations and similar issues that are still simmering at the Capital. There may also be some follow up legislation to SB 244 – Disadvantaged Unincorporated Communities and to the SB 89 VLF shift. We will have a better idea as bills are introduced throughout February. February 24th is the last day for new bills to be introduced. The exception are committee bills which can be introduced through early May. Beyond legislation introduction and behind-the-scenes negotiations on bills, little legislative action is anticipated until March and April when the policy committees begin considering and moving bills. July 6th is the last day for Policy Committees to act on bills. August 31st is the last day for action on legislation.

The Legislative Committee is working on several substantial issues this year with the goal to make them consensus items and placed in the Omnibus or Local Government Committee bill:

1. **Protest Provisions.** 2012 marks the first year in a multi-phase approach to at long last bring clarity and consistency to the confusing protest provisions in C-K-H. In this first phase the majority of the protest provisions are proposed to be moved to new sections so they are all in one place in the law. No substantive change to the provisions is proposed. Later phases – which will require negotiations with stakeholders – will address those issues. The proposal approved by the Legislative Committee was prepared by former San Diego LAFCo and County Counsel Bill Smith with the support of San Diego LAFCo. To date no opposition has been registered with our proposed language.

2. **Transfer of Principal County for Sphere Changes.** Current law, dating from 1971, allows LAFCo to transfer principal county responsibility to an affected county for changes of organization or reorganization, but is not specific on spheres. A court of appeals case ruled that a LAFCo could not transfer Principal County for spheres, although a number of LAFCos now do this by practice. This proposal would clarify the provision to allow the transfer. Some objection has been raised and staff is working with those parties.
3. **LAFCo as an Eligible Agency for Strategic Growth Council Grants.** This would allow LAFCo to apply directly for grants that support the preparation of sustainable community strategies and other planning efforts. Currently LAFCo must apply through a Metropolitan Planning Organization or other eligible local agency. This is anticipated to be a Committee bill, although there may be some objection because it adds additional competition for the already oversubscribed funds.
4. **Waver of Notice and Protest Proceedings.** This proposal streamlines and brings consistency to the confusing and contradictory proceedings for waiving notice, hearing and protest proceedings for unopposed proposals for county service areas. While the proposal is likely non-controversial, it does make substantive changes to CKH. It may need to be a separate bill or a committee bill. The language has been submitted to Legislative Counsel as an unbacked bill.

Staff will update the Board at the meeting on the status of these proposals as well as other legislation or legislative proposals that have surfaced.

ATTACHMENTS

- 6b-1 Legislative Committee Minutes – 18 November 2011
- 6b-2 Legislative Committee Minutes – 20 January 2012

BOARD OF DIRECTORS MEETING STAFF REPORT

10 February 2012

Agenda Item No. 6c §56133 Extension of Services Legislative Proposal

Prepared By: William Chiat, Executive Director

Date: 10 February 2012

RECOMMENDATION

1. Receive report and review member comments. Consider four options:
 - a. Sponsor legislation in 2012
 - b. Support legislation in 2012 or 2013 if sponsored by others
 - c. Introduce legislation in 2013
 - d. Do not proceed with legislation

DISCUSSION

Previously the CALAFCO Legislative Committee and Board of Directors have supported legislation to expand LAFCo authority to extend services outside boundaries and spheres for reasons other than health and safety. At the 18 November 2011 Legislative Committee discussed how and when to proceed with introducing this language. There was some concern that all LAFCos have not yet considered the language. The Committee also discussed whether it was better to introduce legislation now, in the second year of the session, or wait until the beginning of the next two-year session in 2013. Staff was asked to circulate the final draft language to all LAFCos for comment. Staff was also asked to circulate the draft to outside stakeholders for comment and to gauge the level of support or opposition to the proposal.

The proposed language has been circulated to all LAFCos. To date four letters from member LAFCos has been received: two in support, one in opposition, and one requesting additional information. Comments were also received from the Assembly Local Government Committee staff. In addition, CALAFCO staff has been holding extensive meetings with the League of Cities, Building Industry Association and the California Rural Legal Assistance Foundation. There is some interest in our proposed language and a potential interplay with some amendments to SB 244 under consideration by some stakeholders. At the same time, and not unexpectedly, staff became aware this week of concern growing in the environmental community regarding the proposal.

At the 20 January 2012 Legislative Committee the letters and comments were considered. The Committee adopted with modifications the recommendations from the Assembly committee staff. There continues to be support from the Committee for the proposal. Nonetheless, because there are some concerns from members and other stakeholders may have an interest, the Committee voted to return the proposal to the Board to affirm continued CALAFCO support. The Committee also requested the Board consider whether CALAFCO should introduce this bill this year or wait until next year when there would be two years to work out the language.

There are four options at this point for Board consideration:

- a. Sponsor legislation in 2012
- b. Support legislation in 2012 or 2013 if sponsored by others
- c. Introduce legislation in 2013
- d. Do not proceed with legislation

Given the anticipated concerns emerging from the environmental community, staff recommends option c, with a CALAFCO introduction of the bill in 2013. That would provide time to work with the environmental and agricultural communities to seek common ground on language.

ATTACHMENTS

- 6c-1 Current proposed language as amended on 20 January 2012
- 6c-2 Draft Background Summary
- 6c-3 LAFCo Letters in Support and Opposition

CALAFCO Proposed Amendments to G.C. Section 56133

27 January 2012

(a) A city or district may provide new or extended services by contract or agreement outside its jurisdictional ~~boundaries~~ boundary only if it first requests and receives written approval from the commission ~~in the affected county. The commission may delegate approval of requests made pursuant to subdivisions (b) and (c)(1) below to the Executive Officer.~~

(b) The commission may authorize a city or district to provide new or extended services outside its jurisdictional ~~boundaries~~ boundary but within its sphere of influence in anticipation of a later change of organization.

(c) If consistent with adopted commission policy, ~~the~~ commission may authorize a city or district to provide new or extended services outside its jurisdictional ~~boundaries~~ boundary and outside its sphere of influence under any of the following circumstances:

(1) To respond to an existing or impending threat to the public health or safety of the residents of the affected territory if both of the following requirements are met:

(A) The entity applying for ~~the contract~~ approval has provided the commission with documentation of a threat to the health and safety of the public or the affected residents.

(B) The commission has notified any alternate service provider, including any water corporation as defined in Section 241 of the Public Utilities Code, or sewer system corporation as defined in Section 230.6 of the Public Utilities Code, that has filed a map and a statement of its service capabilities with the commission.

(2) To support existing or planned uses involving public or private properties, subject to approval at a noticed public hearing that includes all of the following determinations:

(A) The extension of service or service deficiency was identified and evaluated in a municipal service review prepared by the commission within the past five years pursuant to section 56430.

(B) The effect of the extension of service would not result in adverse impacts on open space or agricultural lands or result in adverse growth inducing impacts and is consistent with the priorities established in 56001.

(C) A later change of organization involving the subject property and the affected agency is not feasible or desirable based on the adopted policies of the commission.

(d) The executive officer, within 30 days of receipt of a request for approval by a city or district ~~of a contract~~ to extend services outside its jurisdictional boundary, shall determine whether the request is complete and acceptable for filing or whether the request is incomplete. If a request is determined not to be complete, the executive officer shall immediately transmit that determination to the requester, specifying those parts of the request that are incomplete and the manner in which they can be made complete. When the request is deemed complete, the executive officer shall place the request on the agenda of the next commission meeting for which adequate notice can be given but not more than 90 days from the date that the request is deemed complete, unless the commission has delegated approval of ~~those~~ requests made under this section to the executive officer. The commission or executive officer shall approve, disapprove, or approve with conditions the ~~contract for~~ extended services. If ~~the contract is~~ the extended services are disapproved or approved with conditions, the applicant may request reconsideration, citing the reasons for reconsideration.

(e) This section does not apply to ~~contracts or agreements solely involving~~ two or more public agencies where the commission determines the public service to be provided is an alternative to, or substitute for, public services already being provided by an existing public service provider and where the level of service to be provided is consistent with the level of service contemplated by the existing service provider.

(f) This section does not apply to ~~contracts for~~ the transfer of nonpotable or nontreated water.

(g) This section does not apply to ~~contracts or agreements solely involving~~ the provision of surplus water to agricultural lands and facilities, including, but not limited to, incidental residential structures, for projects that serve conservation purposes or that directly support agricultural industries. However, prior to extending surplus water service to any project that will support or induce development, the city or district shall first request and receive written approval from the commission in the affected county.

(h) This section does not apply to an extended service that a city or district was providing on or before January 1, 2001.

(i) This section does not apply to a local publicly owned electric utility, as defined by Section 9604 of the Public Utilities Code, providing electric services that do not involve the acquisition, construction, or installation of electric distribution facilities by the local publicly owned electric utility, outside of the utility's jurisdictional boundaries.

(j) The application of this section rests solely within the jurisdiction of the commission in the county in which the extension of the service is proposed.

2012 CALAFCO PROPOSAL

Expand LAFCo Authority to Allow Out-of-Agency Services

The Problem

Local Agency Formation Commissions continue to find local circumstances when it would make sense to extend municipal services (primarily water, recycled water, wastewater, and energy) outside the boundaries or spheres of local agencies. Unless there is a health and safety emergency, LAFCo is prevented from allowing the service extension, even when it makes sense economically and/or efficiently. Providing LAFCo with expanded authority to allow service extensions in very specific circumstances would measurably strengthen a LAFCo's ability to effectively regulate services in concert with its evolving role in regional growth management. Specifically, the changes will provide LAFCo more flexibility in accommodating service extensions lying beyond spheres of influence that are otherwise sensible, given local conditions, while clarifying the determination of when the statute and its exemptions apply rests solely with LAFCo. The changes would also strike unnecessary references to "contract or agreement approval" given these documents are generally prepared only after the proposed service extensions have been approved by LAFCo.

The proposal takes pains to limit this proposed authority in order to complement LAFCos mandate to prevent sprawl and protect agricultural and open space lands.

The Proposal: Three Changes

CALAFCO is considering legislation to amend Government Code §56133 and its provisions governing LAFCo approval for cities and districts to provide new and extended services outside boundaries. Three key changes underlie this proposal. The **first** and most significant change expands LAFCo's existing authority to approve new and extended services beyond agencies' spheres of influence irrespective of public health and safety threats, so long as LAFCo can make three findings at noticed public hearings. These findings involve determining the extension: 1) was contemplated in a municipal service review; 2) will not result in adverse impacts on open-space and agricultural lands or growth; and 3) a later change of organization is not expected or desired based on local policies. The **second** change clarifies LAFCo's sole authority in determining the application of the statute. The **third** change deemphasizes the approval of contracts and emphasizes the approval of service extensions.

Examples

Some examples showing how these changes could be implemented:

- ◆ LAFCo would have the authority, subject to making certain findings, to approve new or extended outside services beyond spheres of influence for public facilities, such as fire stations and schools, where the connection to the affected agency's infrastructure is a potential option.
- ◆ LAFCo would have the authority, subject to making certain findings, to approve new or extended outside services beyond spheres of influence for private uses supporting permitted intensity increases, such as residential construction or commercial additions.
- ◆ LAFCo would avoid delays and other transaction costs tied to disagreements with agencies regarding the constitution of "new" and "extended" services as well as determining when exemptions apply. Notably, this includes determining when a contract service proposed between two public agencies qualifies for exemption if it is "consistent with the level of

service contemplated by the existing provider.”

- ◆ LAFCo would have the authority, subject to making certain findings, to approve new or extended outside services beyond boundaries and spheres of influence to provide water, wastewater and fire protection services to disadvantaged unincorporated communities where it has been determined the community will not annex into the affected city or district.

FAQs

Does providing LAFCo with more flexibility to approve services beyond spheres of influence undermine LAFCo’s ability to curb sprawl?

No. The proposed changes include measured safeguards to protect against inappropriate urban development by requiring LAFCo to make three specific findings (consistency with a municipal service review, no adverse agricultural or growth inducing impacts, and no expectation of future annexation) at noticed hearings before approving new or extended services beyond spheres.

Will these changes create new pressures on LAFCo to accommodate development beyond agencies’ spheres they would otherwise reject?

The proposed changes do not affect LAFCo’s existing right and duty to deny outside service requests deemed illogical and inconsistent with their policies.

BOARD OF DIRECTORS MEETING STAFF REPORT

10 February 2012

**Agenda Item No. 7
2012-13 CALAFCO Member Dues**

Prepared By: William Chiat, Executive Director

Date: 10 February 2012

RECOMMENDATION

1. Adopt the CALAFCO member dues for FY 2012-2013.

DISCUSSION

In April, 2006 your Board approved a recommendation to the membership to amend the Bylaws in order to increase member dues. The recommendation included a three-year phase-in of the dues increase and a policy commitment from the Board not to increase the dues beyond an annual cost of living adjustment for five years following the phase-in.

In September, 2006 the members approved the recommended by-laws change at the 2006 CALAFCO Annual Meeting. The dues increase phase-in began in FY 2006-07 and was completed in FY 2008-09. The Bylaws call for subsequent annual dues to be increased each year to reflect changes in the Consumer Price Index (CPI).

FY 2009-10 was the first year the dues could be increased by the CPI (which was 1.3% for FY 2008-09). The Board voted in February 2009 not to increase dues by the CPI due to economic conditions. In May, 2010 your Board adopted a dues structure for FY 2010-11 which again maintained dues at the 2008-09 level, without the .7% CPI increase. The economic crisis obviously continued, and again for FY 2011-12 the Board voted to not implement the CPI dues increase for the fourth year, which would have been 1.7%.

The forecasted California CPI for FY 2011-12 is 2.2%. As your Board is well aware, the economic crisis not only continues for local agencies but in some ways has worsened. Many LAFCos have reduced staffing and implemented other cost savings. Considering any increase in dues is a difficult decision. Nevertheless CALAFCO has gone four years without increasing dues while the CPI has increased nearly 5% along with Association costs. The Board may recall one of the reasons the significant increase in dues was required in 2006 was in part because the Association had gone a number of years without increasing dues.

In considering any action on Association dues, it may be helpful to review the basic revenues and expenses of the Association. CALAFCO has three main revenue sources: 1) member dues; 2) conference and workshop registrations; and 3) carry over from the previous year. The basic breakdown of the FY 2011-12 revenues and expenses include:

Revenues	
Dues	\$173,043 (93% of dues comes from Member LAFCos)
Conference/Workshop	\$143,200

Carryover	\$39,498
Miscellaneous	\$2,550

Expenses

Operating	\$218,486
Conference/Workshop	\$124,223

As the Board has previously discussed, dues do not cover the operational costs of the Association. To fund the \$45,443 difference the budget relies on the return from the conference and the carryover from the previous year to balance the budget. Your Board may recall that staff had initially anticipated dipping into reserves this year to cover operational costs. Fortunately because of careful management of conference and operational expenses, and better than forecasted attendance, the last fiscal year ended with a carryover large enough to cover all operating costs. It is possible the FY 2012-13 budget will either require reductions in expenses or the use of reserves. A 2.2% CPI increase would generate \$3,536. While it would not solve the difference it moves dues closer to covering operating expenses.

Because of the continued financial crisis it may be prudent for the Board to maintain dues at the 2008-09 level and forego the increase for one more year. However, it is likely the Association will require the use of reserves to balance the FY 2012-13. CALAFCO Bylaws state:

2.2.3 Dues will be increased by the Board on an annual basis for fiscal year 2009-2010 and following to reflect changes in the Consumer Price Index (CPI).

The Board has the option to: a) increase LAFCo member dues 2.2%; or b) maintain dues at the 2008-09 level.