

L A F C O M E M O R A N D U M

SANTA BARBARA LOCAL AGENCY FORMATION COMMISSION
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August 7, 2014

TO: Each Member of the Commission

FROM: Paul Hood *PLH*
Executive Officer

SUBJECT: **Report on CALAFCO Legislative Committee Meeting – July 25, 2014**

This is an Informational Report. No Action is Necessary

The 2014 CALAFCO Legislative Committee held a meeting on July 25, 2014, by conference call. A copy of the Meeting Agenda is attached. Due to length, the Legislative Committee Agenda Packet will be sent to you separately as an attachment. I will verbally report on the actions of the Legislative Committee at the August 7, 2014, meeting.

Please contact the LAFCO office if you have any questions.

CALAFCO Legislative Committee MEETING AGENDA

Friday, 25 July 2014 ♦ 9:30 am – 11:30 a.m.

CONFERENCE CALL MEETING

~~Call in number 909-926-0013 • Conference ID: 44162~~

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1. Establish Quorum, Review Agenda	<i>P. Miller</i>	
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a. <u>AB 1527</u> (Perea) – Public Water Agency Consolidations	<i>P. Miller</i>	
b. <u>SB 614</u> (Wolk) – Financing for DUC infrastructure	<i>P. Miller</i>	
c. <u>AB 1739</u> (Dickinson) – Groundwater Sustainability	<i>P. Miller</i>	
d. <u>SB 1168</u> (Pavley) – Groundwater Sustainability	<i>P. Miller</i>	
5. Review of other Legislation of Interest		
a. <u>AB 1995</u> (Levine) Bel Marin Keys CSD	<i>K. Simonds</i>	
b. <u>AB 2455</u> (Williams) - Santa Rita Hills CSD	<i>P. Hood</i>	
c. <u>AB 2453</u> (Achadjian) – Paso Robles Water Basin District	<i>D. Church</i>	
6. Committee Bills, Projects and Reports		
a. Disincorporations Working Group	<i>K. McDonald</i>	
b. JPA Working Group*	<i>K. Simonds</i>	45
c. Protest Provisions Phase II	<i>H. Ehrlich</i>	
7. Action Items		
8. Other Business		
a. CALAFCO Policy Amendment to Legislative Committee*	<i>P. Miller</i>	49
9. Adjournment to the November 7, 2014 conference call meeting.		

* Please see attached staff report.

CALAFCO Legislative Committee MEETING AGENDA

Friday, 25 July 2014 ♦ 9:30 am – 11:30 a.m.

CONFERENCE CALL MEETING

Call in Number: 800-326-0013 ♦ Conference ID: 2519638#

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1. Establish Quorum, Review Agenda	<i>P. Miller</i>
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b. JPA Working Group*	<i>K. Simonds</i> 45
c. Protest Provisions Phase II	<i>H. Ehrlich</i>
7. Action Items	
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* Please see attached staff report.



California Association of Local Agency Formation Commissions

**CALAFCO Legislative Committee
DRAFT SUMMARY MEETING MINUTES**

Date: Friday 9 May, 2014

Location: Conference Call

Participants: Clark Alsop (Counsel), **Robert Bergman**, Kris Berry, Marjorie Blom, Bob Braitman, David Church, Harry Ehrlich, Paul Hood, **Juliana Inman**, **Gay Jones**, **John Leopold**, Steve Lucas (Vice Chair), **Michael McGill**, Pamela Miller (Chair), Paul Novak, Neelima Palacherla, Mona Palacios, Paula de Sousa, Keene Simonds, George Spiliotis, **Josh Susman**, and Lou Ann Texeira.

Others: Ben Legbandt, Orange LAFCo; Don Lockhart, Sacramento LAFCo; Sam Martinez, San Bernardino LAFCo.

Recorder: Pamela Miller

1. Welcome, Roll Call, Review Agenda

A quorum was determined to be present at 9:32 a.m. and the meeting was called to order. Agenda changes were as follows: AB 1995 (Levine) and AB 1739 (Dickinson) were added to item 5.

2. Approval of minutes of the March 21, 2014 meeting

***MOTION:** Paul Hood motioned to approve the minutes. The motion was seconded by Robert Bergman and passed unanimously.*

3. Update on Current CALAFCO Tracked Legislation

SB 1122 (Pavley) – amended on Senate floor and sent back to Senate Approps. All other bills being tracked that are not noted below remain the same since the written report in the packet dated May 5.

4. Discussion of Specific Bills

a. AB 1521 (Fox) - Local Gov't Finance: VLF

Passed Assembly Local Government Committee (ALGC) and now in Appropriations with no hearing date set.

b. AB 1527 (Perea) – Public Water Agency Consolidations

***MOTION:** Harry Ehrlich motioned to change our position from Oppose Unless Amended to Support If Amended. The motion was seconded by Mike McGill and passed unanimously.*

***ACTION:** Pamela to send the committee the requested amendments and send letter to author.*

c. **AB 1729** (Logue) – Williamson Act
In Appropriation awaiting hearing date.

d. **AB 1961** (Eggman) - Sustainable Farmland Strategies
MOTION: Mike McGill motioned to maintain our Watch position after considering all amendments and current location of the bill. The motion was seconded by George Spiliotis and passed unanimously.

e. **AB 2156** (Achadjian) – JPAs and LAFCo Studies
In Senate Governance & Finance Committee set for a May 14 hearing.

f. **AB 2762** (Local Gov't Committee) – CKH Omnibus Bill
Pamela reported the bill was amended on May 6 to address several minor typos and is set for hearing in Appropriations on May 14. Items 57075 and 57075.5 still are not included in the bill and CALAFCO continues to work with ALGC staff on their inclusion. Given the timing it is uncertain if those will make it into the bill this year, or have to wait until next year. No action taken.

g. **SB 69** (Roth) – Local Gov't Finance: VLF
Amended on May 6 to add in the coverage of cities incorporated since 2004, making them whole and to address future incorporations. There is a possibility that the bill may be amended again to address only the 4 cities in Riverside and not address future incorporations.

5. **Review of other Legislation of Interest**

a. **AB 2455** (Williams) - Santa Rita Hills CSD
Paul Hood reported bill passed Assembly now in Senate awaiting committee assignment.

b. **AB 2480** (Yamada) - Local Gov't Finance: Annexations
Bill being dropped by author – no action taken.

c. **AB 2453** (Achadjian) – Paso Robles Water Basin District
David Church reported bill passed ALGC this week and is now on Assembly floor.

d. **AB 1995** (Levine)
This bill is specific to Marin, and added at the request of Keene Simonds. Passed Assembly and is in Senate awaiting committee assignment.
MOTION: Harry Ehrlich motioned for CALAFCO to take a Watch position for now, with the Executive Director having discretion to change that position in the future based on the outcome of amendment negotiations. The motion was seconded by Keene Simonds and passed unanimously.
ACTION: Pamela and Keene to create a strategy in working with the author's office on the appropriate amendments that would not bypass the LAFCo latent power activation process.

e. **AB 1739** (Dickinson)

***MOTION:** Harry Ehrlich motioned for CALAFCO to take a Watch position and should the bill move out of Assembly Appropriations, for CALAFCO to work with stakeholders (i.e. ACWA, CSDA) on amendments that were acceptable to all. The motion was seconded by John Leopold and passed unanimously.*

6. **Committee Bills, Projects and Reports**

a. Disincorporations Working Group

George Spiliotis indicated there was nothing to report.

b. JPA Working Group

Keene Simonds indicated there was nothing to report.

c. Protest Provisions Phase II

Harry Ehrlich reported San Diego LAFCo is working on a strategy to approach this project and will hopefully have something to report at the next meeting.

7. **Action Items**

a. Request by Gay Jones to consider amendments to Gov't Code Section 56428 for next year.

Committee members provided member Jones feedback on the proposed language change, offering as an alternative: "...prior to the conclusion of the ~~consideration by the commission hearing.~~"

The committee concurred this was something to look at later in the year for 2015 legislation, and that data gathering through the Executive Officer list serve would be needed. It was also suggested this section be included as part of the December CALAFCO U course on legal interpretations of C-K-H, given the various legal opinions on the interpretation of the current language.

8. **Items for next meeting**

None.

Adjournment to July 25, 2014 via conference call

The meeting was adjourned at 11:00 a.m.

**CALAFCO List of Current Bills
As of 7/13/2014**

Priority 1

[AB 453](#)

([Mullin D](#)) Sustainable communities.

Current Text: Amended: 7/3/2013 [pdf](#) [html](#)

Introduced: 2/19/2013

Last Amend: 7/3/2013

Status: 8/30/2013-Failed Deadline pursuant to Rule 61(a)(11). (Last location was APPR. SUSPENSE FILE on 8/12/2013)

Location: 8/30/2013-S. 2 YEAR

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

Summary: The Strategic Growth Council is required to manage and award grants and loans to a council of governments, metropolitan planning organization, regional transportation planning agency, city, county, or joint powers authority for the purpose of developing, adopting, and implementing a regional plan or other planning instrument to support the planning and development of sustainable communities. This bill would make a local agency formation commission eligible for the award of financial assistance for those planning purposes.

Position
Watch

Subject
Sustainable Community Plans

CALAFCO Comments: This would allow LAFcos to apply directly for grants that support the preparation of sustainable community strategies and other planning efforts. CALAFCO has removed its support of the bill given the nature of the amendment and the potential impact to LAFcos.

[AB 678](#)

([Gordon D](#)) Health care districts: community health needs assessment.

Current Text: Amended: 4/15/2013 [pdf](#) [html](#)

Introduced: 2/21/2013

Last Amend: 4/15/2013

Status: 8/30/2013-In committee: Held under submission.

Location: 8/30/2013-S. 2 YEAR

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

Summary: Would require that the health care district conduct an assessment, every 5 years, of the community's health needs and provide opportunities for public input. Commencing January 1, 2019, the bill would require the annual reports to address the progress made in meeting the community's health needs in the context of the assessment. This bill contains other related provisions and other existing laws.

Position
Support

Subject
LAFCo Administration, Service
Reviews/Spheres

CALAFCO Comments: This bill requires Health Care Districts that do not operate their own hospital facilities to create every 5 years, an assessment of the community health needs with public input. The bill requires LAFcos to include in a Municipal Service Review (MSR) the Health Care District's 5-year assessment.

[AB 1521](#)

([Fox D](#)) Local government finance: property tax revenue allocations: vehicle license fee adjustments.

Current Text: Amended: 6/17/2014 [pdf](#) [html](#)

Introduced: 1/16/2014

Last Amend: 6/17/2014

Status: 6/25/2014-From committee: Do pass and re-refer to Com. on APPR. (Ayes 7. Noes 0.) (June 25). Re-referred to Com. on APPR.

Location: 6/25/2014-S. APPR.

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

Calendar: 8/4/2014 10 a.m. - John L. Burton Hearing Room (4203) SENATE APPROPRIATIONS, DE LEÓN, Chair

Summary: Beginning with the 2004-05 fiscal year, current law requires that each city, county, and city and county receive additional property tax revenues in the form of a vehicle license fee adjustment amount, as defined, from a vehicle license fee property tax compensation fund that exists in each county treasury. Current law requires that these additional allocations be funded from ad valorem property tax revenues otherwise required to be allocated to educational entities. This bill would modify these reduction and transfer provisions, for the 2014-15 fiscal year and for each fiscal year thereafter, by providing for a vehicle license fee adjustment amount calculated on the basis of changes in assessed valuation.

Position
Support

Subject
Financial Viability of Agencies, Tax Allocation

[AB 1527](#)

([Perea D](#)) Public water systems: Safe Drinking Water State Revolving Fund.

Current Text: Amended: 6/26/2014 [pdf](#) [html](#)

Introduced: 1/17/2014

Last Amend: 6/26/2014

Status: 6/30/2014-Withdrawn from committee. Re-referred to Com. on APPR.

Location: 6/30/2014-S. APPR.

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

Calendar: 8/4/2014 10 a.m. - John L. Burton Hearing Room (4203) SENATE APPROPRIATIONS, DE LEÓN, Chair

Summary: Current law, operative on July 1, 2014, and repealed as of January 1 of the next calendar year occurring after the State Water Resources Control Board provides notice to the Legislature and the Secretary of State and posts notice on its Internet Web site that the board has adopted a policy handbook, requires the board to establish a priority list of proposed projects to be considered for funding. This bill would require the board to give priority to funding the consolidation of public water systems based upon a service review developed by a local agency formation commission.

Position
Support

Subject
Disadvantaged Communities, Municipal Services,
Service Reviews/Spheres

CALAFCO Comments: As amended, this bill requires the State Water Resources Control Board to consider LAFCo studies as part of their funding and alternative services considerations, and requires the Board to give priority funding to consolidations where appropriate based on those MSRs.

The bill has undergone a number of substantial amendments, consequently eliminating the provision that LAFCos be added to the list of eligible entities for receiving grant funding from the Strategic Growth Council.

[AB 1729](#)

([Logue R](#)) Local government: agricultural land: subvention payments.

Current Text: Amended: 3/20/2014 [pdf](#) [html](#)

Introduced: 2/14/2014

Last Amend: 3/20/2014

Status: 3/24/2014-Re-referred to Com. on APPR.

Location: 3/24/2014-A. APPR.

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

Summary: Would appropriate \$40,000,000 to the Controller from the General Fund for the 2014-15 fiscal year to make subvention payments to counties to reimburse counties for property tax revenues not received as a result of these contracts. The bill would make legislative findings and declarations related to the preservation of agricultural land.

Position
Support

Subject
Ag Preservation - Williamson

CALAFCO Comments: As amended, the bill will appropriate \$40 million from the General Fund in fiscal year 2014/2015 for subvention payments to counties for Williamson Act contracts.

[AB 1739](#)

([Dickinson D](#)) Groundwater management.

Current Text: Amended: 6/17/2014 [pdf](#) [html](#)

Introduced: 2/14/2014

Last Amend: 6/17/2014

Status: 6/25/2014-From committee: Do pass and re-refer to Com. on APPR. (Ayes 7. Noes 1.) (June 24). Re-referred to Com. on APPR.

Location: 6/25/2014-S. APPR.

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

Calendar: 8/4/2014 10 a.m. - John L. Burton Hearing Room (4203) SENATE APPROPRIATIONS, DE LEÓN, Chair

Summary: Would require all groundwater basins designated as high-or medium-priority basins by the Department of Water Resources to be managed under a groundwater sustainability plan or coordinated groundwater sustainability plans, with specified exceptions. This bill would require a groundwater sustainability agency to certify that its plan complies with the requirements of this bill no later than January 31, 2020, and every 5 years thereafter.

Position
Watch

Subject
LAFCo Administration, Water

CALAFCO Comments: As currently written, this bill requires LAFCOs to expedite all applications for the formation or reorganization of groundwater management agencies, requiring the process be completed within 6 months of the application filing. Further the bill requires LAFCOs, in the case of a County directive for annexation of territory into a groundwater management agency, to complete the annexation by January 1, 2017.

CALAFCO has a number of concerns with the bill all of which are outlined in the letter of concern submitted June 24, 2014.

[AB 1961](#)

([Eggman](#) D) Land use: planning: sustainable farmland strategy.

Current Text: Amended: 4/22/2014 [pdf](#) [html](#)

Introduced: 2/19/2014

Last Amend: 4/22/2014

Status: 5/23/2014-Failed Deadline pursuant to Rule 61(b)(8). (Last location was A. APPR. SUSPENSE FILE on 5/23/2014)

Location: 5/23/2014-A. DEAD

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

Summary: Would require each county to develop, on or before January 2, 2018, a sustainable farmland strategy. The bill would require the sustainable farmland strategy to include, among other things, a map and inventory of all agriculturally zoned land within the county, a description of the goals, strategies, and related policies and ordinances, to retain agriculturally zoned land where practical and mitigate the loss of agriculturally zoned land to nonagricultural uses or zones, and a page on the county's Internet Web site with the relevant documentation for the goals, strategies, and related policies and ordinances, as specified.

Position
Watch

Subject
Ag/Open Space Protection, CKH General Procedures, LAFCo Administration

CALAFCO Comments: As amended, the bill requires counties with 4% or more of its land zoned as agricultural to create a sustainable farmland strategy (sfs) effective January 1, 2018, in consultation with cities and LAFCo, and to update the sfs as necessary. The bill also requires OPR to create best practices that support ag land retention and mitigation. The bill creates an unfunded mandate for counties.

[AB 2156](#)

([Achadjian](#) R) Local agency formation commissions: studies.

Current Text: Chaptered: 6/4/2014 [pdf](#) [html](#)

Introduced: 2/20/2014

Last Amend: 3/24/2014

Status: 6/4/2014-Chaptered by Secretary of State - Chapter 21, Statutes of 2014.

Location: 6/4/2014-A. CHAPTERED

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

Summary: Would include joint powers agencies and joint powers authorities among the entities from which the local agency formation commission is authorized to request land use information, studies, and plans, for purposes of conducting specified studies, and also would include joint powers agreements in the list of items the commission may request in conducting those studies. The bill would specifically define "joint powers agency" and "joint powers authority" for purposes of the Cortese-Knox-Hertzberg Local Government Reorganization Act of 2000.

Position
Support

Subject
CKH General Procedures, LAFCo Administration, Municipal Services, Service Reviews/Spheres

CALAFCO Comments: As amended, the bill will specifically define "joint powers agency" and "joint powers authority" for purposes of the Cortese-Knox-Hertzberg Local Government Reorganization Act of 2000 (C-K-H), and include joint powers agencies and joint powers authorities (JPAs) among the entities from which a local agency formation commission (LAFCo) is authorized to request information in order to conduct required studies.

[AB 2762](#)

(Committee on Local Government) Local government.
 Current Text: Chaptered: 7/9/2014 [pdf](#) [html](#)
 Introduced: 3/24/2014
 Last Amend: 5/6/2014
 Status: 7/9/2014-Chaptered by Secretary of State. Chapter 112, Statutes of 2014.
 Location: 7/9/2014-A. CHAPTERED

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

Summary: The Cortese-Knox-Hertzberg Local Government Reorganization Act of 2000 does not apply to pending proceedings for a change or organization or reorganization for which the application was accepted for filing prior to January 1, 2001, as specified. The act authorizes these pending proceedings to be continued and completed under, and in accordance with, the law under which the proceedings were commenced. This bill would repeal those provisions relating to pending proceedings for a change or organization or reorganization for which an application was accepted for filing prior to January 1, 2001, and make other conforming changes.

Position	Subject
Sponsor	CKH General Procedures

[SB 56](#)

([Roth](#) D) Local government finance: property tax revenue allocation: vehicle license fee adjustments.
 Current Text: Amended: 6/11/2013 [pdf](#) [html](#)
 Introduced: 1/7/2013
 Last Amend: 6/11/2013
 Status: 2/3/2014-Returned to Secretary of Senate pursuant to Joint Rule 56.
 Location: 2/3/2014-S. DEAD

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

Summary: Beginning with the 2004-05 fiscal year and for each fiscal year thereafter, existing law requires that each city, county, and city and county receive additional property tax revenues in the form of a vehicle license fee adjustment amount, as defined, from a Vehicle License Fee Property Tax Compensation Fund that exists in each county treasury. Current law requires that these additional allocations be funded from ad valorem property tax revenues otherwise required to be allocated to educational entities. This bill would modify these reduction and transfer provisions, for the 2013-14 fiscal year and for each fiscal year thereafter, by providing for a vehicle license fee adjustment amount calculated on the basis of changes in assessed valuation. This bill contains other related provisions and other existing laws.

Position	Subject
Support	Financial Viability of Agencies, Tax Allocation

CALAFCO Comments: This bill reinstates revenues through ERAF (backfilled by the state general Fund) for cities incorporating after 2005 and annexations of inhabited territories.

[SB 69](#)

([Roth](#) D) Local government finance: property tax revenue allocation: vehicle license fee adjustments.
 Current Text: Amended: 6/16/2014 [pdf](#) [html](#)
 Introduced: 1/10/2013
 Last Amend: 6/16/2014
 Status: 6/26/2014-From committee: Do pass and re-refer to Com. on APPR. (Ayes 9. Noes 0.) (June 25). Re-referred to Com. on APPR.
 Location: 6/26/2014-A. APPR.

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

Summary: Current property tax law requires the county auditor, in each fiscal year, to allocate property tax revenue to local jurisdictions in accordance with specified formulas and procedures, and generally provides that each jurisdiction shall be allocated an amount equal to the total of the amount of revenue allocated to that jurisdiction in the prior fiscal year, subject to certain modifications, and that jurisdiction's portion of the annual tax increment, as defined. This bill would modify these reduction and transfer provisions for a city incorporating after January 1, 2004, for the 2014-15 fiscal year and for each fiscal year thereafter, by providing for a vehicle license fee adjustment amount calculated on the basis of changes in assessed valuation.

Position
Support

Subject
Tax Allocation

CALAFCO Comments: In its current form, the bill calls for reinstatement of the VLF through ERAF for cities that incorporated between January 1, 2004 and January 1, 2012.

[SB 614](#)

([Wolk](#) D) Local government: jurisdictional changes: infrastructure financing.

Current Text: Amended: 6/16/2014 [pdf](#) [html](#)

Introduced: 2/22/2013

Last Amend: 6/16/2014

Status: 6/30/2014-Read second time. Ordered to third reading.

Location: 6/30/2014-A. THIRD READING

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

Summary: The Cortese-Knox-Hertzberg Local Government Reorganization Act of 2000 requires a local agency or school district that initiates proceedings for a change of local government organization or reorganization by submitting a resolution of application to a local agency formation commission to also submit a plan for providing services within the affected territory, as specified. This bill would instead require, if a proposal for a change of organization or reorganization is submitted to a local commission, that the applicant submit a plan for providing services within the affected territory.

Position
Watch

Subject
Annexation Proceedings, CKH General Procedures,
Disadvantaged Communities

CALAFCO Comments: As amended, the bill is intended to provide an incentive to cities to annex disadvantaged unincorporated communities by creating an option for a funding mechanism using a property tax sharing agreement by affected entities (to share the 1% tax dollars) and ensuing tax increment. A special district would be created to act as the vehicle for that funding. The bill allows LAFCo to consider, as part of the application, the formation of a new district or the reorganization of an existing district, but only if all of the affected agencies are in agreement.

CALAFCO has a number of concerns with the bill including the long-term financial sustainability of the district, as well as the application requirements and process.

[SB 1168](#)

([Pavley](#) D) Groundwater management.

Current Text: Amended: 6/17/2014 [pdf](#) [html](#)

Introduced: 2/20/2014

Last Amend: 6/17/2014

Status: 6/24/2014-From committee: Do pass and re-refer to Com. on APPR. (Ayes 9. Noes 4.) (June 24). Re-referred to Com. on APPR.

Location: 6/24/2014-A. APPR.

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

Summary: Current law requires the Department of Water Resources to identify the extent of monitoring of groundwater elevations that is being undertaken within each basin or subbasin and prioritize groundwater basins and subbasins. This bill would require the department, pursuant to these provisions, to categorize each basin and subbasin as either high priority, medium priority, low priority, or very low priority. The bill would require the Department of Fish and Wildlife, in collaboration with the department, to identify those basins and subbasins where species and ecosystems are vulnerable to existing or future groundwater conditions.

Position
Watch

Subject
Water

CALAFCO Comments: As amended, the bill calls for the formation of new groundwater management agencies by existing local agencies through either a JPA, MOA, or some other legal agreement. This process completely bypasses the LAFCo process. Further, the bill requires the Department of Water Resources to establish procedures for local and groundwater management agencies to establish and modify basin and subbasin boundaries. There are a large number of other requirements of the bill, and CALAFCO has concerns relating to the two provisions above as well as a number of other concerns as detailed in the letter dated June 26, 2014.

Priority 3

[AB 543](#)

([Campos](#) D) California Environmental Quality Act: translation.
 Current Text: Amended: 6/24/2014 [pdf](#) [html](#)
 Introduced: 2/20/2013
 Last Amend: 6/24/2014
 Status: 6/24/2014-Read second time and amended. Re-referred to Com. on APPR.
 Location: 6/24/2014-S. APPR.

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

Calendar: 8/4/2014 10 a.m. - John L. Burton Hearing Room (4203) SENATE APPROPRIATIONS, DE LEÓN, Chair

Summary: CEQA requires the Office of Planning and Research to prepare and develop guidelines for the implementation of CEQA and the Secretary of the Natural Resources Agency to certify and adopt those guidelines. This bill would require the office, on or before July 1, 2016, to prepare and develop recommended amendments to the guidelines and the secretary, on or before January 1, 2017, to certify and adopt those amendments to the guidelines to establish criteria for a lead agency to assess the need for translating those notices into non-English languages, as specified.

Position
Watch

Subject
CEQA

CALAFCO Comments: As amended, requires OPR to establish criteria for a lead agency to assess the need for translating those notices into non-English languages, as specified by July 1, 2016.

[AB 642](#)

([Rendon](#) D) Publication: newspaper of general circulation: Internet Web site.
 Current Text: Introduced: 2/20/2013 [pdf](#) [html](#)
 Introduced: 2/20/2013
 Status: 1/24/2014-Failed Deadline pursuant to Rule 61(b)(2). (Last location was JUD. on 3/11/2013)
 Location: 1/24/2014-A. DEAD

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

Summary: Current law requires that various types of notices are provided in a newspaper of general circulation. Current law requires a newspaper of general circulation to meet certain criteria, including, among others, that it be published and have a substantial distribution to paid subscribers in the city, district, or judicial district in which it is seeking adjudication. This bill would provide that a newspaper that is available on an Internet Web site may also qualify as a newspaper of general circulation, provided that newspaper meets certain criteria.

Position
Watch

Subject
LAFCo Administration

CALAFCO Comments: Allows for posting of agendas and meeting material on newspaper websites.

[AB 677](#)

([Fox](#) D) Local government finance: property tax revenue allocation: vehicle license fee adjustments.
 Current Text: Amended: 1/6/2014 [pdf](#) [html](#)
 Introduced: 2/21/2013
 Last Amend: 1/6/2014
 Status: 1/17/2014-Failed Deadline pursuant to Rule 61(b)(1). (Last location was L. GOV. on 1/7/2014)
 Location: 1/17/2014-A. DEAD

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

Summary: Would modify specified reduction and transfer provisions, for the 2013-14 fiscal year and for each fiscal year thereafter, by providing for a vehicle license fee adjustment amount calculated on the basis of changes in assessed valuation. This bill would also modify these reduction and transfer provisions, for the 2013-14 fiscal year and for each fiscal year thereafter, by providing for a vehicle license fee adjustment amount for certain cities incorporating after a specified date, as provided. This bill contains other related provisions and other existing laws.

Position
Watch

Subject
Financial Viability of Agencies, Tax Allocation

[AB 1593](#)

([Dahle R](#)) Public cemetery districts: Auburn Public Cemetery District.

Current Text: Introduced: 2/3/2014 [pdf](#) [html](#)

Introduced: 2/3/2014

Status: 5/9/2014-Failed Deadline pursuant to Rule 61(b)(6). (Last location was L. GOV. on 2/14/2014)

Location: 5/9/2014-A. DEAD

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

Summary: Would authorize the Auburn Public Cemetery District in Placer County to use their cemeteries for up to a total of 400 interments each, not to exceed 40 interments each per calendar year, to inter nonresidents and nonproperty taxpayers, if specified conditions are met. This bill contains other related provisions.

Position Watch Subject Other

[AB 1897](#)

([Hernández, Roger D](#)) Labor contracting: client liability.

Current Text: Amended: 7/1/2014 [pdf](#) [html](#)

Introduced: 2/19/2014

Last Amend: 7/1/2014

Status: 7/1/2014-Read second time and amended. Re-referred to Com. on APPR.

Location: 7/1/2014-S. APPR.

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

Calendar: 8/4/2014 10 a.m. - John L. Burton Hearing Room (4203) SENATE APPROPRIATIONS, DE LEÓN, Chair

Summary: Would require a client employer to share with a labor contractor all civil legal responsibility and civil liability for the payment of wages, the obligation to provide a safe work environment, as specified, and the failure to obtain valid workers' compensation coverage. The bill would define a client employer as a business entity that obtains or is provided workers to perform labor or services within the usual course of business from a labor contractor, except as specified.

Position Watch Subject LAFCo Administration

[AB 1995](#)

([Levine D](#)) Community service districts: covenants, conditions, and restrictions: enforcement.

Current Text: Amended: 6/30/2014 [pdf](#) [html](#)

Introduced: 2/20/2014

Last Amend: 6/30/2014

Status: 6/30/2014-Read second time and amended. Ordered to third reading.

Location: 6/30/2014-S. THIRD READING

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

Summary: Would authorize the Bel Marin Keys Community Services District to enforce all or part of the covenants, conditions, and restrictions for a tract within that district, and to assume the duties of an architectural control committee for that tract, as provided. This bill contains other related provisions.

Position Watch Subject LAFCo Administration, Special District Powers

[AB 2453](#)

([Achadjian R](#)) Paso Robles Basin Water District.

Current Text: Amended: 7/2/2014 [pdf](#) [html](#)

Introduced: 2/21/2014

Last Amend: 7/2/2014

Status: 7/3/2014-Re-referred to Com. on APPR. pursuant to Joint Rule 10.5.

Location: 7/3/2014-S. APPR.

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

Calendar: 8/4/2014 10 a.m. - John L. Burton Hearing Room (4203) SENATE APPROPRIATIONS, DE LEÓN, Chair

Summary: Would provide for the formation of the Paso Robles Basin Water District, and would set forth the composition of, and method of election by landowners and registered voters for, the board of directors for the Paso Robles Basin Water District, the boundaries of which would be established and may be modified by the San Luis Obispo

County Local Agency Formation Commission. The bill would require the district to be formed in accordance with the Cortese-Knox-Hertzberg Local Government Reorganization Act of 2000, except as specified.

Position Subject
Watch Water

[AB 2455](#)

([Williams](#) D) The Santa Rita Hills Community Services District.

Current Text: Amended: 6/17/2014 [pdf](#) [html](#)

Introduced: 2/21/2014

Last Amend: 6/17/2014

Status: 6/17/2014-Read second time and amended. Ordered to third reading.

Location: 6/17/2014-S. THIRD READING

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

Summary: Would authorize, until January 1, 2035, the board of directors of the Santa Rita Hills Community Services District to consist of 3 members, if the board of directors receives a petition signed by a majority of voters requesting a reduction in the number of board members and thereafter adopts a resolution that orders the reduction, as specified. The bill would also, until January 1, 2025, authorize the board, if the number of members is reduced to 3, to adopt a resolution to increase the number of members from 3 to 5, as specified. This bill contains other related provisions.

Position Subject
Watch Special District Principle Acts

CALAFCO Comments: This bill as amended reduces the size of the governing Board of this district from five to three members.

[AB 2480](#)

([Yamada](#) D) Local government finance: cities: annexations.

Current Text: Amended: 3/28/2014 [pdf](#) [html](#)

Introduced: 2/21/2014

Last Amend: 3/28/2014

Status: 4/23/2014-In committee: Set, first hearing. Hearing canceled at the request of author.

Location: 4/1/2014-A. L. GOV.

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

Summary: Would, beginning on January 10, 2015, and on the 10th of each month thereafter, require the Controller to pay to each city that incorporated before August 5, 2004, an amount equal to an amount determined by a specified formula. This bill would continuously appropriate to the Controller an amount sufficient to make those payments from the General Fund.

Position Subject
Watch Financial Viability of Agencies, Tax Allocation

CALAFCO Comments: The intent of this bill is the same as AB 1521, which is moving forward, so the author has let this bill die.

[SB 731](#)

([Steinberg](#) D) Environment: California Environmental Quality Act.

Current Text: Amended: 9/9/2013 [pdf](#) [html](#)

Introduced: 2/22/2013

Last Amend: 9/9/2013

Status: 9/13/2013-Failed Deadline pursuant to Rule 61(a)(14). (Last location was L. GOV. on 9/11/2013)

Location: 9/13/2013-A. 2 YEAR

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

Summary: Would provide that aesthetic and parking impacts of a residential, mixed-use residential, or employment center project, as defined, on an infill site, as defined, within a transit priority area, as defined, shall not be considered significant impacts on the environment. The bill would require the Office of Planning and Research to prepare and submit to the Secretary of the Natural Resources Agency, and the secretary to certify and adopt, revisions to the guidelines for the implementation of CEQA establishing thresholds of significance for noise and transportation impacts of projects within transit priority areas. This bill contains other related provisions and other existing laws.

Position Subject
Watch CEQA

[SB 1122](#)

(Pavley D) Sustainable communities: Strategic Growth Council.

Current Text: Amended: 5/5/2014 [pdf](#) [html](#)

Introduced: 2/19/2014

Last Amend: 5/5/2014

Status: 5/23/2014-Failed Deadline pursuant to Rule 61(b)(8). (Last location was S. APPR. SUSPENSE FILE on 5/23/2014)

Location: 5/23/2014-S. DEAD

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

Summary: Current law authorizes moneys from the Greenhouse Gas Reduction Fund to be allocated for the purpose of reducing greenhouse gas emissions in this state through specified investments, including funding to reduce greenhouse gas emissions through strategic planning and development of sustainable infrastructure projects. This bill would additionally authorize the council to manage and award financial assistance for the purpose of supporting the implementation of sustainable communities strategies or alternative planning strategies, to be funded from moneys from the Greenhouse Gas Reduction Fund, upon appropriation by the Legislature. The bill would require the council to adopt guidelines for the use of the funds by recipients.

Position
Watch

Subject
Sustainable Community Plans

[SB 1230](#)

(Committee on Governance and Finance) Validations.

Current Text: Chaptered: 5/29/2014 [pdf](#) [html](#)

Introduced: 2/20/2014

Status: 5/29/2014-Chaptered by Secretary of State - Chapter 19, Statutes of 2014.

Location: 5/29/2014-S. CHAPTERED

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 2014, which would validate the organization, boundaries, acts, proceedings, and bonds of the state and counties, cities, and specified districts, agencies, and entities. This bill contains other related provisions.

Position
Support

Subject
Other

LEGISLATIVE COMMITTEE MEETING STAFF REPORT

25 July 2014

Agenda Item No. 4

Prepared By: Pamela Miller, Executive Director and Legislative Committee Chair

Date: 25 July 2014

RECOMMENDATION

1. Receive report and reconsider current positions on SB 614, AB 1739, and SB 1168.

DISCUSSION

CALAFCO has been actively involved in the amendment of several bills during the latter part of this legislative session. Three of the four noted below are gut and amend bills, and two are tied to the legislature's work on groundwater management. Currently CALAFCO has a firm position on one of the four bills. The committee may wish to reconsider the current Watch position of the other three bills, based on the updates provided below.

[AB 1527](#) (Perea) CALAFCO Support

This bill has gone through a number of amendments this year, the most recent being a gut and amend on June 26. Our position began as Watch, then turned to one of great concern after an unacceptable set of amendments was introduced. Staff was directed to work with the author to remove those amendments. At one point during the process, our position changed to Support if Amended. After working with the author's office for several months, all of the concerns were removed, after which our position was changed to Support, pursuant to the Legislative Committee's directive. However, the bill ran into some opposition in the Senate Environmental Quality Committee, and upon agreement by the Chair of that committee and the author, the bill was gut and amended resulting in a watering down of the intent. In its current form, the bill removes the provision to have LAFCoS be added to the list of eligible entities to receive SGC grants. While the end result for LAFCoS is still good in that it requires the State Water Resources Control Board to consider Municipal Service Reviews conducted by LAFCo when considering granting funding for consolidation projects, we did lose some ground with the recent set of amendments.

With the author's acceptance of those amendments (without the amendments, the bill would have died in that committee), the bill got a waiver from having to be heard in the Senate Natural Resources and Water Committee and is now in Senate Appropriations and is set for an 8/4 hearing.

[SB 614](#) (Wolk) CALAFCO Watch with Concerns (letter submitted)

As the committee knows, this is a gut and amend bill proposed by the League to use TIF dollars to fund infrastructure upgrades to DUCs once they are annexed. CALAFCO was not consulted by the League until after they secured Senator Wolk as the author and got proposed language from Leg Counsel. The bill was gut/amended on 6/16 then heard in the Assembly Local Government Committee 6/25 and is now on the Assembly floor. The bill will be amended on the Assembly floor by the author when the legislature returns from recess in August.

CALAFCO staff has met several times with the Senator's staff discuss concerns and proposed amendments that have been offered. The legislative committee has been very responsive in providing input and feedback, especially given the short turn-around necessary for the gut and amend process.

The intent of the bill is to provide an incentive to cities to annex DUCs by creating an option for a funding mechanism using a property tax sharing agreement by affected entities (to share the 1% tax dollars) and ensuing tax increment. There are no new taxes levied with the bill, and the proposed language that amends the Revenue & Tax Code Section 99 came from IFD law.

The author agreed to take our first set of proposed amendments, with one exception which was to have the Senate Governance & Finance Committee convene a committee to review R&T 99 after one year. This was our attempt to get them to agree to take up the charge we have been looking for someone to lead relating to R&T 99. Unfortunately we did not get agreement. A second set of amendments was presented to the author's staff, and CALAFCO staff met with them on June 23. This set of amendments was also provided to the League who indicated they are willing to accept them. After additional back and forth with the author's office, the amendments were finalized July 10 and submitted to Leg Counsel for drafting. These amendments addressed our concern of the long-term financial sustainability of such a district, requiring a full financial feasibility study be included with the application (requiring that upfront rather than having the LAFCo have to ask for it later) and added a provision that the applicant needs to identify and request the change or org/reorg, rather than LAFCo initiating the amendment of the application. All of the amendments with the exception of one of the items in the financial feasibility study were taken. LAFCos can still ask the applicant for that information if they wish (it was the expected timeframe to recover costs associated with infrastructure upgrades and loans taken by the district).

There are differing views on this bill from CALAFCO committee members. The Assembly Local Government Committee enthusiastically embraced the bill, and in fact added two of their members as co-authors. The League and CSDA have come out in support of the bill and CSAC intends to take a soft support position.

As of the writing of this report the bill's amendments are not in print. However a copy of the amendments sent to Leg Counsel by Senator Wolk are attached to this report.

ACTION: Based on the current version of the bill, the Committee may wish to reconsider the current position of Watch With Concerns.

AB 1739 and SB 1168

This year there are two major pieces of legislation relating to sustainable groundwater management as well as a legislative proposal published by the Governor. One of the bills (AB 1739) specifically references LAFCos, while the other (SB 1168) bypasses the LAFCo process in the formation of groundwater management agencies. Extensive work is being done by both authors, who are now co-authors for the others' bill. Over the month of July, stakeholder meetings have been conducted by Assembly member Dickinson, Senator Pavley, and the Governor's office, as a way to gather feedback and input. Meetings were held July 2nd and 9th, with another scheduled for July 16th. The plan is for the two bills to go through amendments that will begin to mirror each other and eventually for the bills to be joined.

At the Board meeting held July 11, the Board received a presentation from Assemblymember Dickinson's Legislative Director, Mr. Les Spahn; Matt Hurley, ACWA Board member, member of the ACWA taskforce on groundwater management, and General Manager of Angiola Water District; and Ryan Bezerra, attorney representing a number of water agencies and part of the team of attorneys

who wrote the revisions and current version of AB 1739. The intent of the bills was discussed along with some of the issues being raised by stakeholders, including LAFCos. The Board was unable to have a policy-level discussion about the role of LAFCo in the governance of these to-be-formed water management agencies. However, the conversation was informative and we received assurance from Assemblymember Dickinson's staff that CALAFCO's concerns about the language impacting LAFCos was heard and understood. Your committee has received regular updates as well as links to the various documents noted in the updates below. Further, you have provided initial feedback on the bills that resulted in the letters of concern sent in June.

Below is a brief summary of each bill. A verbal updated will be provided at the meeting, as there will be at least one if not more stakeholder meetings between the time of this writing and our meeting on the 25th. It is clear there is still a great deal of amendment work to be done on both bills, likely to occur over several months' time. (Special session was mentioned.)

ACTION: The committee may wish to retain our current WATCH position until we see how the amendments shake out for both bills.

AB 1739 (Dickinson) CALAFCO Watch with Concerns (letter submitted)

The bill passed the Senate Natural Resources & Water committee on 6/24 and is now in Senate Appropriations. The same people testified at this hearing and the one held earlier in the day for SB 1168. The committee staff analysis was very thorough, particularly in identifying a comprehensive list of issues still needing to be addressed. The good news is that almost all of our concerns are on that list. A copy of that staff report is included as attachment (d).

On three occasions CALAFCO has expressed concerns relating to the LAFCO language in the bill, which calls for LAFCO to expedite the formation of a new groundwater management agency. The issue with the writing of the bill's amendments is that ACWA is using a team of attorneys to craft the language and it is based on their groundwater management task force report recommendations. Details of our concerns are outlined in the letter which is included as attachment (c).

On June 30, OPR published a 77 page side-by-side comparison of AB 1739, SB 1168, and the Governor's proposal. This document was posted on the CALAFCO website in the Legislative Committee section.

SB 1168 (Pavley) CALAFCO Watch with Concerns (letter sent)

The bill passed the Assembly Water, Parks & Wildlife committee on 6/24 and is now in Assembly Appropriations. It was presented by both Pavley & Dickinson (now co-authors of each other's bills), and in their presentation they were clear that there are a large number of issues that need to be worked through. All of those issues were thoroughly identified in the committee's staff analysis (attached to this report). The authors stated their intention was to continue to work jointly and conduct stakeholder outreach meetings during the summer recess to be able to come to agreement on the appropriate amendments.

ATTACHMENT

- 4a – SB 614 (Wolk) Letter of Concern
- 4b – SB 614 (Wolk) Pending Amendments
- 4c – AB 1739 (Dickinson) Letter of Concern
- 4d – AB 1739 Senate Natural Resources & Water Committee analysis report
- 4e – SB 1168 (Pavley) Letter of Concern
- 4f – SB 1168 Assembly Local Government Committee analysis report

20 June 2014

**2013-2014
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Senator Lois Wolk
California State Senate
State Capitol Room 4032
Sacramento, CA 95814

RE: **SB 614 – Letter of Concern**

Dear Senator Wolk:

The California Association of Local Agency Formation Commissions (CALAFCO) has been following the amendments to your bill, SB 614. Local Agency Formation Commissions (LAFCo) are aware of and concerned about the disparity of local public services, especially for residents and properties located within disadvantaged unincorporated communities. All Californians deserve adequate and safe water, modern sewage disposal and other essential public services. CALAFCO supports your efforts to address these problems which persist in many counties.

The provisions of SB 614 attempt to begin addressing this problem by constructing an opportunity for a funding mechanism to be created to provide infrastructure upgrades through a tax increment tool once the area is annexed.

Our review of the amended legislation raises several concerns we hope we can work with you to address. We appreciate the willingness of you and your staff to work with us the past several weeks on addressing some of our initial concerns and accepting some of our proposed amendments. However, there are still a number of concerns that remain.

Of primary concern is that the outcome of this legislation, while producing a finance mechanism for infrastructure upgrades, does not address the long-term financial sustainability of the district once formed. Further, the process as defined in the current version of the bill calls for the LAFCo to initiate the formation proposal, which should be an action by the applicant.

Specific concerns include:

1. **Long-term financial sustainability.** While the bill addresses the financing of the initial infrastructure upgrades, it does not address the ongoing concern of maintenance and operations. The disadvantaged community, by nature of the definition, cannot afford to pay the ongoing maintenance costs that would be required to finance and support an upgraded/improved infrastructure. They are by their very nature, communities of low resources, which is likely one of the primary contributors to a failing infrastructure in the first place. While they will not be alone in paying the district's assessments, which will no doubt have to be increased to support the upgraded infrastructure, they will be burdened with a portion of it.

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2. **Cost of new or reorganized independent special district.** The formation of a new or reorganization of an independent special district requires a complete municipal service review in order to determine a sphere of influence, and even an election if one were necessary. One could argue that the cost of the new governance of an independent special district would defeat the gain of tax increment intended for actual infrastructure improvements. Additionally, it would take years for the property values to increase.
3. **The process for determination should be more clearly defined.** As written, the bill permissively allows a LAFCo to amend a proposal to include the formation of a new or reorganization of an existing special district if certain criteria are met. We believe the more appropriate action is for the applicant to identify clearly in the resolution of application that this one of the options they are requesting.
4. **Application criteria.** In order for the proper determination to be made that creating this tax increment financing district is the best and most appropriate option, we suggest the LAFCo be provided certain information by the applicant to include a financial feasibility plan that demonstrates the formation of the special district will be able to provide the necessary financial resources to deliver and maintain services outlined in the application. Further that the study include an estimated timeframe for constructing and delivering those services, and a projected timeframe for recovering the estimated construction costs including the estimated increase in property values and associated tax increment. Lastly, that a plan for long-term governance, maintenance and service delivery once initial costs are recovered and the tax increment financing terminates.
5. **The use of tax increment financing.** There is underlying concern that the use of tax increment financing through a LAFCo action when there is no vote of the tax payers is cause for further review and consideration. We are concerned that such a LAFCo action may have unintended consequences that have yet to be realized.
6. **Technical language clean-up.** There are some technical terms that require clean-up for consistency with other areas of Cortese-Knox-Hertzberg.

CALAFCO remains committed to help find solutions to the disparities in service delivery to disadvantaged communities. We recognize that this is one possible solution, however there is still much to consider with respect to the implementation and long-term sustainability. Based on the feedback of the CALAFCO membership to date, several commissions may take their own position of opposition to the bill as currently written unless the primary concerns are addressed.

Again, we appreciate your willingness to engage CALAFCO in the process and work to address our concerns. We will be providing specific suggested language for your consideration that addresses some of the concerns noted above. We look forward to continue working with you on addressing the service deficiencies to disadvantaged communities.

Yours sincerely,



Pamela Miller
Executive Director

Cc: Chair and Members, Assembly Local Government Committee
Misa Yokoi-Shelton, Associate Consultant, Assembly Committee on Local Government
William Weber, Principal Consultant, Assembly Republican Caucus

Amends of 7.09.2014

**Add co-authors: Assembly Member Alejo
and Assembly Member Waldron**

**Add sunset provision (ten years): January
1, 2015**

AMENDED IN ASSEMBLY JUNE 16, 2014

AMENDED IN ASSEMBLY JUNE 9, 2014

AMENDED IN ASSEMBLY AUGUST 6, 2013

AMENDED IN ASSEMBLY JUNE 4, 2013

SENATE BILL

No. 614

Introduced by Senator Wolk

February 22, 2013

An act to amend Section 56653 of the Government Code, and to add Section 99.3 to the Revenue and Taxation Code, relating to local government.

legislative counsel's digest

SB 614, as amended, Wolk. Local government: jurisdictional changes: infrastructure financing.

Existing law, the Cortese-Knox-Hertzberg Local Government Reorganization Act of 2000, provides the authority and procedures for the initiation, conduct, and completion of changes of organization and reorganization of cities and districts. The act requires a local agency or school district that initiates proceedings for a change of local government organization or reorganization by submitting a resolution of application to a local agency formation commission to also submit a plan for providing services within the affected territory, as specified.

This bill would instead require, if a proposal for a change of organization or reorganization is submitted to a local commission, that the applicant submit a plan for providing services within the affected territory. The bill would, in the case of a change of organization *or reorganization initiated by a local agency and consented to by each affected agency*, that includes a disadvantaged, unincorporated

community, authorize a local agency to include in its resolution of application a plan to improve or upgrade structures, roads, sewer or water facilities, or other infrastructure to serve the disadvantaged, unincorporated community and would authorize the local *agency formation* commission to amend the proposal to include the formation of a special district, as specified.

Existing law requires a county auditor, in the case of a jurisdictional change caused by the formation of a district, to adjust the allocation of property tax revenue pursuant to the agreement of, ~~for~~ local agencies whose service area or service responsibility would be altered by the jurisdictional change, as specified.

This bill would authorize a local agency that files a petition for change of organization, and one or more other local agencies that will improve or upgrade structures to serve a disadvantaged, unincorporated community, to agree on a plan for financing services and structures that may provide that taxes, levied upon taxable property in the area included within the territory each year by or for the benefit of the local agency and one or more other local agencies that consent to the plan, be divided between the respective affected local agencies and the special district. This bill would require the plan to include a date on which that division of taxes shall terminate, and would allow the plan to provide for the issuance of indebtedness, as specified. The bill would prohibit any plan developed under these provisions from resulting in a reduction of property tax revenues to school entities.

Vote: majority. Appropriation: no. Fiscal committee: no.
State-mandated local program: no.

The people of the State of California do enact as follows:

- 1 SECTION 1. It is the intent of the Legislature to provide
- 2 additional options for financing infrastructure that can be **considered by the affected**
- 3 **local agencies and the local agency formation commission when evaluating**
- 4 **incorporated into the approval of the proposal for an annexation of a disadvantaged,**
- 5 **unincorporated community.**
- 6 SEC. 2. Section 56653 of the Government Code is amended
- 7 to read:
- 8 56653. (a) If a proposal for a change of organization or
- 9 reorganization is submitted pursuant to this part, the applicant shall
- submit a plan for providing services within the affected territory.

1 (b) The plan for providing services shall include all of the
2 following information and any additional information required by
3 the **local agency formation** commission or ~~the~~ **its** executive officer:

4 (1) An enumeration and description of the services to be
5 extended to the affected territory.

6 (2) The level and range of those services.

7 (3) An indication of when those services can feasibly be
8 extended to the affected territory.

9 (4) An indication of any improvement or upgrading of structures,
10 roads, sewer or water facilities, or other conditions the local agency
11 would impose or require within the affected territory if the change
12 of organization or reorganization is completed.

13 (5) Information with respect to how those services will be
14 financed.

15 (c) **Only in** In the case of a change of organization or reorganization
16 *initiated by a local agency and consented to by each affected*
17 *agency, that includes a disadvantaged, unincorporated community*
18 *as defined in Section 56033.5*

19 ~~(12) A,~~ a local agency may include in its resolution of application
20 for change of organization or reorganization a plan adopted
21 pursuant to Section 99.3 of the Revenue and Taxation Code to
22 improve or upgrade structures, roads, sewer or water facilities, or
23 other infrastructure to serve the disadvantaged, unincorporated
24 community through the formation of a special ~~district.~~ *district or*
25 ***reorganization of an existing special district with the consent of the special district's governing body***

(1) **The plan submitted pursuant to this subdivision shall include a financial feasibility plan that demonstrates that the formation or reorganization of the special district will:**

(A) **Provide the necessary financial resources to improve or upgrade structures, roads, sewer, or water facilities or other infrastructure. The plan shall also clarify which local entity shall be responsible for the delivery and maintenance of the desired services identified in the application.**

(B) **An estimated time frame for constructing and delivering the desired services identified in the application.**

(C) **A plan for the governance, oversight, and long-term maintenance of the services identified in the application once the initial costs are recouped and the tax increment financing terminates.**

27 (~~2~~ **3**) (2) If a local agency includes a financial feasibility plan pursuant to paragraph (~~12~~ 1, a
28 a ~~commission may, subject to paragraph (3), amend the petition~~
29 *local agency formation commission may* ~~amend~~ **approve** *the proposal for*
30 a change of organization or reorganization to include the formation
31 of a special ~~district,~~ *district or reorganization of a special district*
32 *with the special district's consent,* including, but not limited to, a
33 community services district, municipal water district, or sanitary
34 district, to provide financing to improve or upgrade structures,
35 roads, sewer or water facilities, or other infrastructure to serve the
36 disadvantaged, unincorporated community, in conformity with the
37 requirements of the principal act of the district proposed to be

SB 614

— 4 —

38 formed *and all required formation proceedings.*

39 ~~(3) Consistent with paragraph (3) of subdivision (a) of Section~~

40 ~~56375, a commission may initiate the formation of a special district~~

1 only if a request to form a special district is made by a local agency
2 pursuant to paragraph (1).

3 (d) Nothing in this section precludes a local agency formation
4 commission from considering any other options or exercising its
5 powers under Section 56375.

6 SEC. 3. Section 99.3 is added to the Revenue and Taxation
7 Code, to read:

8 99.3. (a) The plan for financing services that is included in a
9 **petition resolution of application** for change of
organization or reorganization filed by a

10 local agency and consented to by each **affected agency**, pursuant
11 to Section 56653 of the Government Code for a disadvantaged,
12 unincorporated community may include a plan adopted pursuant
13 to this section.

14 (b) For purposes of this section, the following definitions apply:

15 (1) "Local agency" means a local agency as defined by
16 subdivision (a) of Section 95, and does not include any school
17 entity as defined in subdivision (f) of Section 95.

18 (2) "**Affected-Consenting local agency**" means a local agency that has
19 adopted a resolution of its governing ~~board~~ *body* consenting to the
20 plan developed pursuant to this section.

21 (3) "Territory" means all or part of the land that is included in
22 the **resolution of application** ~~petition~~ for change of organization or reorganization filed by
23 the local agency.

24 (4) "Certificate of completion" is defined as provided in Section
25 56020.5 of the Government Code.

26 (5) "Disadvantaged, unincorporated community" is defined as
27 provided in Section 56033.5 of the Government Code.

28 (c) A local agency that files a ~~petition for resolution of~~
29 *application for a* change of organization or reorganization, and
30 one or more other local agencies that will improve or upgrade
31 structures to serve a disadvantaged, unincorporated community
32 subject to that **petition resolution of application**, may agree on a plan for financing services
33 and structures pursuant to this section.

34 (d) The plan agreed upon pursuant to subdivision (c) may
35 contain a provision that taxes levied upon taxable property in the
36 area included within the territory each year by or for the benefit
37 of the local agency and one or more other local agencies that
38 consent to the plan, be divided as follows:

39 (1) That portion of the taxes that would have been produced by
40 the rate upon which the tax is levied each year by or for each of

1 the **affected consenting** local agencies upon the total sum of the
 2 assessed value
 3 of the taxable property in the territory as shown upon the
 4 assessment roll used in connection with the taxation of the property
 5 by the **affected** local agency, last equalized prior to the effective
 6 date of the certification of completion, and that portion of taxes
 7 by or for each school entity, shall be allocated to, and when
 8 collected shall be paid to, the respective **affected** local agencies
 9 and school entities as taxes by or for the **affected** local agencies
 10 and school entities on all property are paid.

11 (2) That portion of the levied taxes each year specified in the
 12 ~~adopted infrastructure financing plan~~ **plan adopted pursuant to**
 13 ~~taxing entity consenting local agency~~ **this section** for the city and each **affected**
 14 ~~taxing entity consenting local agency~~ that has agreed to participate
 15 pursuant to this section,
 16 in excess of the amount specified in paragraph (1), shall be
 17 allocated to, and when collected shall be paid into a special fund
 18 of a special district formed *or reorganized with the special district's*
 19 *consent* pursuant to subdivision (c) of Section 56653 of the
 20 Government Code that will finance the infrastructure improvements
 21 to serve the disadvantaged, unincorporated community.

An **affected local agency may advance funds to the special district that is formed or reorganized pursuant to paragraph (2) of subdivision (c) of section 56653 of the Government Code. The special district shall use such funds solely for the purposes specified in the plan adopted pursuant to subdivision (a) and shall repay the **affected** local agency with revenue from the taxes received pursuant to this subdivision.**

19 (e) A plan adopted pursuant to this section shall specify a date
 20 upon which the division of taxes described in subdivision (d) shall
 21 terminate.

22 (f) A plan adopted pursuant to this section may include a
 23 provision for the issuance of indebtedness. Any indebtedness shall
 24 be issued in conformity with Articles 4.5 (commencing with
 25 Section 53506) and 5 (commencing with Section 53510) of Chapter
 26 3 of Part 1 of Division 2 of Title 5 of the Government Code or the
 27 principal act of the special district.

28 (g) Any plan adopted under this section shall not result in a
 29 reduction of property tax revenues allocated to any school entity
 30 as defined in subdivision (f) of Section 95.

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JENI TICKLER
Executive Assistant

24 June 2014

Assembly Member Roger Dickinson
California State Assembly
State Capitol Room 2013
Sacramento, CA 95814

RE: AB 1739 – Letter of Concern

Dear Assembly Member Dickinson;

The California Association of Local Agency Formation Commissions (CALAFCO) has been following the amendments to your bill, AB 1739. Local Agency Formation Commissions (LAFCo) are aware of and concerned about the current water shortage in the state, especially now given the current drought. There is no question that as a resource, water is highly valued, and proper management of this precious resource is a priority.

We have been providing comments on the bill to the Association of California Water Agencies (ACWA) and remain concerned about some of what is being proposed. In particular, the requirements to have a LAFCo complete proceedings on the formation of a new agency, or the annexation of an area, within six months of the filing of an application. Further, we are concerned about the requirement of LAFCo to complete an annexation at the direction of a county for an agency delegated such responsibilities by January 1, 2017.

The legislation that governs how a LAFCo operates is found in the Cortese-Knox-Hertzberg Local Government Reorganization Act of 2000 (CKH). There is a process defined that LAFCo follows when considering the formation of a new agency or district. Part of that is dependent upon the principal act under which the new agency or district is formed. Based on this, there are a number of factors that have yet to be considered. Our concerns include (but are in no way limited to):

1. **Timeline required for formation/annexation.** It is unreasonable and unrealistic to require a LAFCo to complete the formation of a new district or an annexation within six months of the filing of an application. Current language does not account for the need for the application to be deemed complete by the LAFCo and the Certificate of Filing to be done, nor does it consider all of the other factors associated with such an action such as those within the Revenue and Taxation Code, as well as the potential need for a confirmation of the voters.
2. **Directive of the county.** The bill allows for a county to delegate the authority for the creation of a groundwater sustainability plan to a local agency, and requires the LAFCo to take action on that directive and complete such by January 1, 2017. This is problematic for a number of reasons not the least of which is the specific actions LAFCo is to take to accomplish the directive are unclear, as is the legislative authority to do so. Further, there is no indication of when the county may take that action, so assigning an arbitrary deadline is of grave concern. Realistic time frames must be considered. In addition, it is unclear who will pay for the LAFCo services. As it is a county directive, will the county be financially

- responsible or will the agency delegated the responsibility be required to also be financially responsible?
3. **Principal Act.** The principal act under which these new groundwater management agencies shall be formed needs to be determined.
 4. **Formation process.** Should the new agency be formed as a special district, we must consider if there will a sphere of influence for each agency; will there be inclusion into Municipal Service Reviews; what happens in the case of an adjudicated basin where there have been judgments and other contractual obligations. Those that choose to form as a JPA will not be subject to any kind of LAFCo approval, so formation and oversight of these entities will be inconsistent.
 5. **Definitions.** Virtually all of the definitions in AB 1739 differ from those in Senator Pavley's bill, SB 1168, and from those contained in the Governor's proposal. In fact, your bill references a groundwater sustainability agency, while Senator Pavley's bill refers to them as groundwater management agencies. We strongly suggest one term and definition, and that they be included in all of the appropriate code sections, including CKH.
 6. **A lot of "if this-then that".** The bill attempts to define a process with specific timelines and within that process there are a great deal of moving parts. There is concern about the agency or entity responsible for monitoring these timelines. The bill as amended prescribes actions that appear to be dependent upon each other, while the resources needed to accomplish these directives is not identified.
 7. **Local level management.** While the bill works towards the idea that sustainable groundwater management is best done at the local level, there are prescriptions within the bill that use a "one size fits all" approach which may not be the most appropriate solution for certain areas, particularly adjudicated basins.

The Senate Committee on Natural Resources and Water staff analysis of the bill, while providing no specific amendments or suggestions, thoroughly outlined a number of issues that are being addressed and have yet to be addressed. While we recognize that some of those have been mentioned above, we share in all of the concerns outlined in that analysis.

CALAFCO wishes to thank you (and Senator Pavley) on taking up this very difficult and critical issue, and for working with stakeholders to create as clear and effective legislation as possible. We support the concept of managing groundwater in a responsible and sustainable way, and look forward to continuing to work with you, your staff, ACWA and other stakeholders on AB 1739.

Sincerely,



Pamela Miller
Executive Director

CC: Senator Fran Pavley, co-author
Steve McCarthy, Senate Republican Caucus

SENATE COMMITTEE ON NATURAL RESOURCES AND WATER
Senator Fran Pavley, Chair
2013-2014 Regular Session

BILL NO: AB 1739

AUTHOR: Dickinson

VERSION: June 17, 2014

DUAL REFERRAL: No

SUBJECT: Groundwater basin management: sustainability.

HEARING DATE: June 24, 2014

URGENCY: No

CONSULTANT: Dennis O'Connor

FISCAL: Yes

BACKGROUND AND EXISTING LAW

California is the only state without a mandatory statewide system of groundwater management. That isn't to say there isn't any groundwater management in California; some of California's groundwater basins are sustainably managed. However, many are not.

A number of different entities may manage some aspect of groundwater in California. These include:

- Special Districts – many types of special districts have some groundwater related authorities under the water code and other statutes. Such districts include county water districts, municipal utility districts, community service districts, and water replenishment districts.
- Special Act Districts – the legislature has created a number of special districts whose specific purpose is to manage one groundwater basin or another. These include agencies such as the Orange County Water District and Fox Canyon Groundwater Management Agency.
- Court Appointed Watermasters – in an adjudication, the court determines who has rights to pump from the groundwater basin, how much they can pump, etc. The court also typically appoints someone to be the “Watermaster” whose job is to ensure that the basin is managed in accordance with the court's decree.
- Cities and Counties – the courts have held that cities and counties, under their general police powers, have the authority to enact ordinances regarding groundwater. More than 20 counties have done so, generally addressing issues such as banning transfers of groundwater out of the county. Counties also issue drilling permits for water wells.

The powers to manage groundwater vary. In most special act districts, the authorizing act allows the agency to require groundwater users to report their extractions to the agency, who can then levy fees for groundwater management or water supply replenishment. Some acts also provide the special district the authority to limit exports and extractions.

For most non-special act districts, the authority to manage groundwater derives from what is commonly referred to as AB 3030 (WC §10750 et seq.). AB 3030 allows, but does not require, certain defined existing local agencies to develop groundwater management plans in defined groundwater basins and subbasins.

- An AB 3030 plan can be developed only after a public hearing and adoption of a resolution of intention to adopt a groundwater management plan. If landowners representing more than 50% of the assessed value of lands within the proposed district do not protest the plan, the plan can be adopted within 35 days. If landowners representing a majority of the assessed

value in the proposed district oppose the plan, cannot be adopted and no new plan may be attempted for 1 year.

- AB 3030 plans cannot be adopted in adjudicated basins or in basins where groundwater is managed under other sections of the Water Code without the permission of the court or the other agency.
- Once the plan is adopted, rules and regulations must be adopted to implement the program called for in the plan. Many plans that have been adopted are relatively simple and in some cases are a means of defining boundaries.

There are 149 adopted AB 3030 plans.

If a local agency wishes to receive state funds administered by the Department of Water Resources (DWR) for groundwater projects or for other projects that directly affect groundwater levels or quality, the local agency must have an AB 3030 plan or equivalent groundwater management plan meets specific requirements. These requirements are sometimes known as “SB 1938 requirements.” To meet the SB 1938 requirements, a local agency must:

- Prepare and implement a groundwater management plan that includes basin management objectives for the groundwater basin that is subject to the plan. The plan must include components relating to the monitoring and management of groundwater levels, groundwater quality degradation, inelastic land surface subsidence, and changes in surface flow and surface water quality that directly affect groundwater levels or quality or are caused by groundwater pumping in the basin.
- Prepare a plan that enables the local agency to work cooperatively with other public entities whose service area or boundary overlies the groundwater basin.
- Prepare a map that details the area of the groundwater basin and the area of the local agency that will be subject to the plan, as well as the boundaries of other local agencies that overlie the basin in which the agency is developing a groundwater management plan.
- Adopt monitoring protocols that are designed to detect changes in groundwater levels, groundwater quality, inelastic surface subsidence for basins for which subsidence has been identified as a potential problem, and flow and quality of surface water that directly affect groundwater levels or quality or are caused by groundwater pumping in the basin. The monitoring protocols must be designed to generate information that promotes efficient and effective groundwater management.
- For areas outside delineated groundwater basins, local agencies are required to prepare plans using use geologic and hydrologic principles appropriate to those areas.

This January, the Governor released his final California Water Action Plan (CWAP). Among the many initiatives in the CWAP is a call to improve sustainable groundwater management:

“Groundwater is a critical buffer to the impacts of prolonged dry periods and climate change on our water system. The administration will work with the Legislature to ensure that local and regional agencies have the incentives, tools, authority and guidance to develop and enforce local and regional management plans that protect groundwater elevations, quality, and surface water-groundwater interactions. The administration will take steps, including sponsoring legislation, if necessary, to define local and regional responsibilities and to give local and regional agencies the authority to manage groundwater sustainably and ensure no groundwater basin is in danger of being permanently damaged by over drafting. When a basin is at risk of permanent damage, and local and regional entities have not made sufficient progress to correct the problem, the state should protect the basin and its users until an adequate local program is in place.”

PROPOSED LAW

This bill would overhaul how California manages its groundwater. Specifically, it would:

- Require all groundwater basins designated as high or medium priority basins by DWR to be managed under a groundwater sustainability plan or coordinated groundwater sustainability plans, with specified exceptions.
- Require a groundwater sustainability agency to certify that its plan complies with the requirements of this bill no later than January 31, 2020, and every 5 years thereafter.
- Encourage basins designated as low-priority basins by the department to be managed under groundwater sustainability plans as soon as possible.
- Require, to the extent practicable, a groundwater sustainability plan to be coterminous with, and augment a groundwater management plan.
- Provide a groundwater sustainability agency specific authorities, including, but not limited to, the ability to:
 - Require the registration of a groundwater extraction facility. Any form used to register such a groundwater extraction facility would be prohibited from being made available for inspection by the public.
 - Require that a groundwater extraction facility be equipped with a water-measuring device.
 - Regulate groundwater pumping
 - Impose certain charges.
- Prohibit, after January 31, 2020, a person from increasing groundwater extractions on a property within the basin until a groundwater sustainability agency or the State Water Resources Control Board (SWRCB) complies with the requirements described above, unless the person submits to the county a specified report.
- Authorize a groundwater sustainability agency to conduct inspections and would require the inspection to be made with any necessary consent or with an inspection warrant. Because the willful refusal of an inspection lawfully authorized by an inspection warrant is a misdemeanor, this bill would impose a state-mandated local program by expanding the application of a crime.
- Authorize DWR to provide technical assistance to a groundwater sustainability agency upon the request of the agency
- Require, by January 1, 2017, DWR to submit to the Legislature and publish on its Internet Web site best management practices for the sustainable management of groundwater.
- Establish it is policy of the state to encourage conjunctive use of surface and groundwater.
- Declare that the storage of water underneath the ground is a beneficial use of water.
- Require, prior to the adoption or any substantial amendment of a general plan, the local planning agency to review, and if necessary revise the land use, conservation, open space, or any other element of the general plan to address a groundwater sustainability plan, groundwater management plan, groundwater management court order, judgment, or decree, adjudication of water rights, or a certain order of the SWRCB.
- Require the planning agency to refer a proposed action to adopt or substantially amend a general plan to any local agency or joint powers authority that has adopted a groundwater sustainability plan or that otherwise manages groundwater and to the SWRCB if it has adopted a groundwater sustainability plan that includes territory within the planning area.

- Require a public water system to provide a report on the anticipated effect of the proposed action on implementation of a groundwater sustainability plan.
- Require a groundwater sustainability agency to provide the planning agency with certain information as is appropriate and relevant.
- State the intent of the Legislature to the following:
 - Amend this measure to provide that one or more state agencies act to ensure that all basins in California are on track to achieve the sustainability goal if local agencies are unable to adopt or implement groundwater sustainability plans that achieve that goal.
 - Amend this measure to provide for expedited adjudications of rights to extract and store water from and in basins by enacting and directing the Judicial Council to develop innovative judicial procedures to manage those adjudications as quickly as reasonably feasible.
 - Amend this measure to provide that the SWRCB and the regional water quality control boards must weigh the value of surface water for groundwater replenishment and recharge to promote the state’s interest in groundwater sustainability.
- Provide that with regard to certain mandates no reimbursement is required by this act for a specified reason.
- Provide, with regard to any other mandates, that if the Commission on State Mandates determines that the bill contains costs mandated by the state, reimbursement for those costs shall be made pursuant to statutes governing state mandated costs.

ARGUMENTS IN SUPPORT

According to the California Water Foundation (CWF), “AB 1739 addresses one of California’s most pressing water management issues – the need for improved and sustainable groundwater management. The current drought and its immediate impacts to the state’s groundwater resources compel us to search for solutions now so we are better prepared for further droughts. Improved groundwater management will protect critical water supplies and provide ecosystem and economic benefits to the mid- and long-term.”

“A new statewide policy for sustainable groundwater management is urgently needed, and AB 1739 is an important piece of this discussion. Numerous stakeholders have been involved and are continuing to toward together on this legislation and ... SB 1168 [Pavley]. CWF is working with both authors to help ensure that these bills provide the right provisions to empower local groundwater management agencies with new tools and authorities, and to create an appropriate state ‘backstop’ that will allow the state to intervene, only when needed, to ensure groundwater management goals are met.”

ARGUMENTS IN OPPOSITION

According to the California Farm Bureau Federation, “We are concerned the current process is rushed to meet arbitrary deadlines without adequate time to address such a complex issue. This measure will have huge long-term economic impacts on farms, the State and local economies and county tax roles, with a very real potential to devalue land and impact farms and businesses viability and in turn impact jobs. We believe groundwater must be managed locally/regionally and that overlying property rights are protected to avoid a taking. Without addressing these issues with stakeholder input, this measure will certainly create a significant fiscal impact to the state when many are forced to defend their overlying property rights through adjudication.”

“Overall, Farm Bureau believes we do not have a groundwater problem solely from a lack of regulation, but from a failure to update our water capture and delivery system to today’s conditions. Any legislation that creates a new groundwater management regime must be coupled

with real, substantive actions to increase surface water supplies and restore water supply reliability. The complexities of groundwater, groundwater management and interactions with surface water are too great to rush to judgment and to an isolated solution. We are not suggesting the status quo, nor are we suggesting do nothing, but we do recommend a carefully thought through process to develop appropriate protections of our groundwater resources for future generations. For these reasons we are actively engaged with others to develop a path forward, but we must oppose AB 1739.”

COMMENTS

Time Is Ripe For Action. This committee, the Assembly Water, Parks, and Wildlife Committee (AWP&W), and the administration all held hearings and workshops this year on the need to reform groundwater management. This committee’s hearing focused on California groundwater law, groundwater management approaches, what does and does not work in groundwater management, and the administration’s plan to move forward. AWP&W’s hearing addressed where we are on groundwater management, what are the elements of successful groundwater management, and stakeholder perspectives on where we should go from here. (Information presented at each hearing is available on this committee’s and AWP&W’s websites.)

The administration held a workshop to hear from a variety of stakeholder groups their proposals for a new approach to groundwater management in California. There were formal presentations from the following:

- Lester Snow, Executive Director, California Water Foundation
- Tim Quinn, Executive Director, Association of California Water Agencies and David Orth, General Manager, Kings River Conservation District; Vice-Chair, Groundwater Sustainability Task Force, Association of California Water Agencies
- Robert Reeb, Executive Director, Valley Ag Water Coalition
- Jonas Minton, Water Policy Advisor, Planning and Conservation League

What was remarkable about all three hearings and workshops was not only the breadth of acceptance that something needed to be done, but also of many of the key elements of the “solution.”

One of Two, One of Three, One of Many. There are currently two major groundwater bills moving through the legislature: This bill, AB 1739 (Dickinson), and SB 1168 (Pavley). There are three major proposals for reforming groundwater, by: the California Water Foundation, the Association of California Water Agencies (ACWA), and the administration. This bill largely follows the ACWA proposal. There are many perspectives on which precise right mix of proposals is best for all concerned; this bill reflects just one of them.

We Can Work It Out. The two authors are collaborating with each other, as evidenced by their each being principal co-authors of the other’s bill. They are also working and the administration to craft a final product. Further, the authors have committed to working through July with the administration and all interested parties to craft a proposal that addresses and resolves as many issues as is practicable.

Much Work Ahead. While there appears to be general agreement on a broad framework of a sustainable groundwater management system, there are quite a number of potentially contentious issues to be resolved.

Issues where the various proponents are close to agreement include:

- Identifying mandatory elements for groundwater management.
- Enforcement powers for groundwater management entities.
- Permitting of new and/or existing wells.

Issues where there are significant differences of opinion include:

- The definitions, including “sustainable groundwater management.”
- The scope of management plans: one for the entire basin or subbasin, or many.
- Changes in land use planning requirements, or not.
- Appropriate protections of both property rights and community rights.
- Representation on groundwater management entities.
- Level of transparency in managing and use of groundwater.
- Reporting requirements for groundwater users.
- Financing of groundwater management activities.
- State intervention authorities.

Issues that have yet to be addressed include:

- Integrating water quality with water supply considerations.
- Coordination among subbasins within a basin.
- Scope and limitations on groundwater storage and banking.
- Inclusion of an administrative adjudication process.
- The need to create a new groundwater management district act.

SUGGESTED AMENDMENTS: None

SUPPORT

California Water Foundation – if amended

OPPOSITION

California Farm Bureau Federation

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Deputy Executive Officer

JENI TICKLER
Executive Assistant

26 June 2014

Senator Fran Pavley
California State Senate
State Capitol Room 4035
Sacramento, CA 95814

RE: **SB 1168 – Letter of Concern**

Dear Senator Pavley;

The California Association of Local Agency Formation Commissions (CALAFCO) has been following the amendments to your bill, SB 1168. Local Agency Formation Commissions (LAFCo) are aware of and concerned about the current water shortage in the state, especially now given the current drought. There is no question that as a resource, water is highly valued, and proper management of this precious resource is a priority.

We have been providing comments on AB 1739 (Dickinson) to the Association of California Water Agencies (ACWA) and the author's staff, and remain concerned about some of what is being proposed in that bill, as you heard in your committee hearing this week. CALAFCO appreciates the collaborative nature in which you and Assembly member Dickinson are working, not only with each other but also with a host of stakeholders. To that end, we realize both of these bills continue to be a "work in progress", and appreciate your willingness to consider all concerns and be open to suggested amendments.

With respect to SB 1168, we are specifically concerned with the variance in definitions from AB 1739 and language relating to the groundwater management agency formation.

Most notably, areas of concern include:

1. **Definitions.** Virtually all of the definitions in SB 1168 differ from those in Assembly member Dickinson's bill, AB 1739, and from those contained in the Governor's proposal. Your bill references a groundwater management agency, while Assembly member Dickinson's bill refers to them as groundwater sustainability agencies. We strongly suggest one term and definition be used throughout, and they be included in all of the appropriate code sections.
2. **Formation process.** SB 1168 states that any local agency may establish a groundwater management agency through a joint powers agreement or a memorandum of agreement or other legal agreement. This appears inconsistent with AB 1739, which allows the landowners and other groundwater users to form a new public agency or request to be annexed into an existing groundwater management agency, and calls on LAFCo to process such requests. AB 1739 requires LAFCo to complete that process in 180 days from the filing of the application. As we expressed in our letter to Assembly member Dickinson, we have great concern over this language and required timeframe, and look forward to offering substitute language in the future for consideration.

1215 K Street, Suite 1650
Sacramento, CA 95814

Voice 916-442-6536
Fax 916-442-6535

www.calafco.org

3. **Local level management.** While the bill works towards the idea that sustainable groundwater management is best done at the local level, an idea we fully support, there are prescriptions within the bill that use a “one size fits all” approach which may not be the most appropriate solution for certain areas, particularly adjudicated basins.

The Senate Committee on Natural Resources and Water and Assembly Committee on Water, Parks and Wildlife staff analyses of the bill, while providing no specific amendments or suggestions, thoroughly outlined a number of issues that are being addressed and have yet to be addressed. While we recognize that some of those have been mentioned above, we share in all of the concerns outlined in those analyses. Many of those (some of which are not included herein) were outlined in our letter to Assembly member Dickinson dated June 24, 2014, a copy of which was provided to your office.

CALAFCO wishes to thank you (and Assembly member Dickinson) for taking up this very difficult and critical issue, and for working with stakeholders to create as clear and effective legislation as possible. We support the concept of managing groundwater in a responsible and sustainable way, and look forward to working with you, your staff, and other stakeholders on SB 1168.

Sincerely,



Pamela Miller
Executive Director

CC: Assembly member Roger Dickinson, co-author
Steve McCarthy, Senate Republican Caucus

Date of Hearing: June 24, 2014

ASSEMBLY COMMITTEE ON WATER, PARKS AND WILDLIFE

Anthony Rendon, Chair

SB 1168 (Pavley) – As Amended: June 17, 2014

SENATE VOTE: 24-12

SUBJECT: Groundwater management

SUMMARY: Requires adoption of a sustainable groundwater management plan (SGMP) by January 1, 2020 for all basins that are a high or medium priority as determined by the Department of Water Resources (DWR) according to specified criteria and that are not otherwise being sustainably managed pursuant to an existing plan or adjudication. Specifically, this bill:

- 1) Establishes that is the policy of the state that all groundwater basins be managed sustainably.
- 2) Adds the Sustainable Groundwater Management Act (Act) to the Water Code with the stated intent of empowering local groundwater agencies to sustainably manage groundwater.
- 3) Defines sustainable groundwater management, among other terms.
- 4) Specifies that groundwater basins are those identified in DWR's Bulletin No. 118, as it may be amended, and includes subbasins.
- 5) Allows any local agency or combination of agencies to establish a groundwater management agency (GMA) and recognizes a diverse set of interests that should be considered by the GMA.
- 6) Provides for public involvement in the development of sustainable groundwater management plans (SGMPs).
- 7) Requires DWR, as part of the existing California Statewide Groundwater Elevation Monitoring (CASGEM) program, to categorize each basin and subbasin as either a high, medium, low, or very low priority utilizing factors that include, but are not limited to, population, extent of public wells, overlying irrigated acreage, reliance on groundwater, and any documented impacts upon the basin from overdraft, subsidence, saline intrusion and other water quality degradation.
- 8) Requires a SGMP to be completed, adopted, and submitted to DWR by January 1, 2020 for each high and medium priority basin.
- 9) Requires DWR, in consultation with the State Water Resource Board (State Water Board), to develop a process to certify and exempt existing groundwater management plans or adjudicated areas that already meet the requirements of the Act.
- 10) Requires SGMPs to meet certain standards including:
 - a) Encompassing an entire basin or subbasin;
 - b) Being designed to achieve sustainable groundwater management within 20 years of adoption with progress reports to DWR and the State Water Board every five years.
- 11) Requires DWR, in consultation with the State Water Board, to establish minimum standards for the adoption of a SGMP and provide technical assistance.

- 12) Empowers a GMA to:
 - a) Develop a SGMP;
 - b) Establish monitoring, measuring, and reporting on groundwater conditions;
 - c) Require reports on groundwater extraction;
 - d) Establish a system for allocating groundwater based on the sustainable yield of the basin;
 - e) Collect groundwater management fees; and,
 - f) Establish a system for local, voluntary transfers of groundwater within a basin.
- 13) Requires DWR, by January 1, 2018, to offer assistance to local agencies in medium and high priority basins that have not yet initiated a SGMP and, if there is no positive response, refer the matter to the State Water Board.
- 14) Allows the State Water Board to initiate a process to have a qualified third party develop a SGMP in high or medium priority basins that either:
 - a) Failed to initiate a SGMP process by January 1, 2018; or,
 - b) Submitted a plan by January 1, 2020 that failed to meet the requirements of the Act and were unwilling or unable to cure deficiencies identified in the SGMP.
- 15) Allows a GMA to assume duties for measuring groundwater elevations in a basin under the CASGEM program.
- 16) Requires coordination between local land use planning efforts and groundwater management planning efforts.

EXISTING LAW:

- 1) Provides the State Water Board with broad powers to regulate the waste and unreasonable use of water, including groundwater.
- 2) Categorizes groundwater as either a subterranean stream flowing through a known and definite channel or percolating groundwater. Groundwater that is a subterranean stream is subject to the same State Water Board water right permitting requirements as surface water. There is no statewide permitting requirement for percolating groundwater, which is the majority of groundwater.
- 3) Encourages local agencies to work cooperatively to manage groundwater resources within their jurisdictions and, if not otherwise required by law, to voluntarily adopt GMPs.
- 4) Requires that a GMP contain components related to funding, management, and monitoring in order for a local agency to be eligible for groundwater project funds administered by DWR.
- 5) Allows a GMP to voluntarily contain additional listed components.
- 6) Requires all of the groundwater basins identified in DWR's Groundwater Report, Bulletin 118, to be regularly and systematically monitored locally and the information to be readily and widely available.
- 7) Requires DWR to perform the groundwater elevation monitoring function if no local entity will do so but then bars the county and other entities eligible to monitor that basin from receiving state water grants or loans.

- 8) Requires DWR to prioritize groundwater basins based on multiple factors including, but not limited to, the level of population and irrigated acreage relying on the groundwater basin as a primary source of water and the current impacts on the groundwater basin from overdraft, subsidence, saline intrusion and other water quality degradation.

FISCAL EFFECT: According to the Senate Appropriations Committee analysis costs are unknown but will be at least in the mid-hundreds of thousands to millions of dollars annually, from the General Fund for the state's oversight of groundwater management.

COMMENTS: California is the last State in the Union without an enforceable set of statewide groundwater management standards. The purpose of this bill, together with AB 1739 and the Administration's proposal, is to help develop a comprehensive set of sustainable groundwater management statutes that empower local agencies that currently lack sustainable management to plot a 20-year path towards predictable groundwater supplies. This will facilitate coordinated use of groundwater and surface water supplies together ("conjunctive use") and create legal certainty regarding rights to store and withdraw groundwater, thus increasing overall local water supply reliability.

Catastrophic Impacts from a Lack of Statewide Standards

In some parts of California the lack of sustainable groundwater management has become an economic and environmental catastrophe. A headlong rush to pump a finite resource has crashed into a brick wall of harsh realities including dropping groundwater levels that are leaving wells spitting sand and farms and communities stranded; land subsidence that buckles infrastructure, cracks irrigation canals, and deposits threatening levels of sediment into flood control structures; and disappearing streams where the pull of subsurface pumping has deprived both senior water rights holders and wildlife of crucial surface flows.

California uses more groundwater than any other State. Groundwater provides, on average, 40% of California's water supply and that usage can increase to 60% or greater in dry years. For some communities groundwater is 100% of their local supplies. Groundwater informational hearings in the Assembly Water, Parks & Wildlife Committee and the Senate Natural Resources & Water Committee in March 2014 revealed disturbing statistics on the current degradation of some of California's groundwater basins: between 2003 and 2009 the groundwater aquifers for the Central Valley and its major mountain water source, the Sierra Nevadas, lost almost 26 million acre-feet of water – nearly enough water combined to fill Lake Mead, America's largest reservoir. The findings reflected the effects of California's extended drought and the resulting increased rates of groundwater being pumped for human uses, such as irrigation.

Current Groundwater Management

There are three basic methods available for managing groundwater resources in California: management by local agencies under authority granted in the California Water Code or other applicable State statutes; local government groundwater ordinances or joint powers agreements; and, court adjudications.

AB 3030 (Costa), the California Groundwater Management Act, was passed by the Legislature in 1992. It set forth a framework for voluntary groundwater management by local agencies throughout California. SB 1938 (Machado/2002) took a further step when it set out certain

specified components for GMPs and required any local agency seeking state funds administered by DWR to meet those requirements. Both statues were a significant step in that they encouraged agencies to start to look at the condition of their groundwater resources. But unlike special district acts that are designed to empower a groundwater agency to address sustainable groundwater levels and withdrawals, or adjudications, where individual rights are quantified based on available supplies and enforced, neither AB 3030 nor SB 1938 preclude a continued trajectory in a basin of significant and long-term overdraft.

The Governor's Call for Action

On October 4, 2013 the State Water Board released a *Discussion Draft Groundwater Workplan Concept Paper* identifying five key elements – “whether at the local, regional, or state level” – in order to effectively manage groundwater. The five elements are: 1) Establishing sustainable thresholds for groundwater levels and quality for impacted, vulnerable, and high-use basins; 2) Groundwater monitoring and assessment; 3) Effective governance structures to manage and protect the resource; 4) Funding to support monitoring and management actions; and, 5) State and local oversight and enforcement. Following release of that Concept Paper the State Water Board engaged in stakeholder discussion to receive feedback and held several highly-attended all day public workshops.

January 22, 2014 the Governor released the final California Water Action Plan (Action Plan). The Plan focuses on eight "challenges for managing California's water supplies," which are: uncertain water supplies; water scarcity/drought; declining groundwater supplies; poor water quality; declining native fish species and loss of wildlife habitat; floods; supply disruptions; and, population growth and climate change further increasing the severity of risks. With respect to groundwater, the Action Plan found that "inconsistent and inadequate tools, resources and authorities make managing groundwater difficult in California and impede our ability to address problems such as overdraft, seawater intrusion, land subsidence, and water quality degradation." Whereas properly managed groundwater resources could "help protect communities, farms and the environment against the impacts of prolonged dry periods and climate change." The Action Plan was supported in the Governor's January 2014-15 budget proposal which provided, among other allocations, \$1.9 million to the State Water Board for “10 positions [to the State Water Board] to act as a backstop when local or regional agencies are unable or unwilling to sustainably manage groundwater basins.”

On March 7, 2014 the Governor's Office released a draft framework for "soliciting input on actions that can be taken to assure that local groundwater managers have the tools and authority to sustainably manage groundwater consistent with the California Water Action Plan." On May 22, 2014, after holding multiple stakeholder meetings and receiving significant stakeholder response, the Governor's office posted draft statutory language entitled *Sustainable Groundwater Management* to the web site <http://groundwater.ca.gov> . Thereafter, SB 868 (Committee on Budget and Fiscal Review) was introduced. SB 868 is a trailer bill, meaning legislative language that would implement one or more parts of the California State Budget Bill. SB 868 declares that it is the policy of the state that groundwater resources be managed sustainably and could be amended prior to the end of session to provide guidance on how groundwater funding in the State budget should be directed.

Much Work Ahead

In early February 2014, following release of the Governor's Action Plan and Budget items addressing groundwater, this bill and AB 1739 (Dickinson) were introduced to develop policy language for sustainable groundwater management through the Legislative process. AB 1739 was heard in this Committee on April 29, 2014. Both bills represent initial groundwater management concepts developed after extensive stakeholder processes and consideration of the Administration's proposed set of groundwater statutes.

While there appears to be general agreement among many on the need for a broad framework of locally-driven sustainable groundwater management, there are quite a number of issues to be resolved. Issues where the various proponents agree or are close to agreement include:

- Identifying mandatory elements for groundwater management
- Need for fee authority
- Permitting of new and/or existing wells
- Need for coordination between groundwater planning and local land use planning

Issues where there are differences of opinion include:

- Definitions, including “sustainable groundwater management”
- The scope of management plans: one for the entire basin or subbasin, or many
- Changes in land use planning requirements, or not
- Appropriate protections of both property rights and community rights
- Representation on groundwater management entities
- Level of transparency in managing and use of groundwater
- Reporting requirements for groundwater users
- Financing of groundwater management activities
- State intervention authorities

Issues that have yet to be addressed include:

- Integrating water quality with water supply considerations
- Coordination among subbasins within a basin
- Scope and limitations on groundwater storage and banking
- Potential inclusion of an administrative adjudication process
- Potential creation of a new groundwater management district act

Supporting arguments: The author states that this bill is needed because "California faces a groundwater crisis. The cumulative overdraft of our groundwater basins is equivalent to the entire amount of water stored in Lake Tahoe. In many areas of the state, local groundwater managers lack the tools and authorities to manage the groundwater basins. Without improved management, the overdraft in many parts of the state will get even worse over the next several years." Other supporters add that "a new statewide policy for sustainable groundwater management is urgently needed" and that this bill "is an important part of the discussion." This bill "addresses one of California's most urgent water management needs." Supporters add that "numerous stakeholders have been involved and are continuing to work together on this legislation and the companion bill," AB 1739, to help ensure that the "right balance of provisions

to empower local groundwater management agencies with new tools and authorities and to create an appropriate state backstop that will allow the state to intervene only when needed."

Opposing arguments: Opponents commend the author for her "attention and commitment to sustainable groundwater management" but seek various amendments to definitions, management structure, sustainable yield calculation requirements, and state intervention before they could support the measure. Other opponents state that they are concerned the current process is a "rush to meet arbitrary deadlines without adequate time to address such a complex issue." Those opponents add that this "measure will have huge long-term economic impacts on farms, the State and local economies and county tax rolls, with a very real potential to devalue land and impact farms and business viability and jobs."

Comment letters: A number of groups, while not taking a position of either support or opposition on this bill, have stated they are generally supportive of legislative efforts intended to produce more effective management of groundwater resources and then offered specific recommendations on how this bill and AB 1739 could be improved as they move forward.

REGISTERED SUPPORT / OPPOSITION:

Support

Association of California Water Agencies (if amended)
California Water Foundation
California Waterfowl Association

Opposition

California Farm Bureau Federation (unless amended)
Sacramento Suburban Water District (unless amended)

Analysis Prepared by: Tina Cannon Leahy / W., P. & W. / (916) 319-2096

July 9, 2014

TO: CALAFCO Legislative Committee

FROM: JPA Working Group
- Scott Brown, Nevada
- Bill Kirby, Placer
- Steve Lucas, Butte
- Keene Simonds, Marin (Preparer)

SUBJECT: Progress Report by JPA Working Group

The Legislative Committee will receive a report from the JPA Working Group on current and planned activities tied to presenting a formal proposal for approval at a future meeting. This includes providing a preliminary draft proposal for discussion and feedback in anticipation of a planned session on JPAs and LAFCOs at the Annual Conference.

A. Background

On February 7, 2014, the CALAFCO Board accepted the recommendation of the Legislative Committee to establish a working group (“WG”) tasked with drafting legislation establishing a formal statutory relationship between LAFCOs and joint-power authorities (JPAs). The underlying intent is to reconcile the increasing role JPAs have in funding/organizing/delivering municipal services in support of urban growth and development with, and in deference to, LAFCOs’ mandate to produce accountable and efficient government. The Board, accordingly, has tasked the WG with drafting legislation in consultation with stakeholders for approval by the Legislative Committee with two baseline interests to (a) require JPAs to file notices of their agreements with LAFCOs and (b) authorize LAFCOs to include JPAs in municipal service reviews. WG appointees are Bill Kirby, Scott Brown, Steve Lucas and Keene Simonds.

B. Discussion

WG has prepared a preliminary draft proposal for the Legislative Committee’s initial review and feedback. The preliminary draft, notably, is attached and focuses on making two encompassing changes to Government Code as summarized below.

Chairperson: Jeffrey Blanchfield / *Vice Chairperson:* Dennis J. Rodoni
Regulars: Susan Adams, Judy Arnold, Carla Condon, Craig K. Murray, Gary Phillips
Alternates: Jack Baker, Christopher Burdick, Kathrin Sears, Herb Weiner
Executive Officer: Keene Simonds

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- The first change amends JPAs' principal act in Government Code to require JPAs to file written notices with all affected LAFCOs in the same manner currently done with the Secretary of State upon establishment and amendment. WG proposes existing JPAs would need to file written notices by July 1, 2016 and any future amendments within 90 days of the effective date. WG proposes new JPAs created after January 1, 2016 would need to file written notices within 90 days of their effective date; subsequent notices on amendments would also need to be filed within 90 days of their effective date.
- The second change amends LAFCO's principal act in Government Code and establishes a new subdivision in the municipal service review statute. It would explicitly authorize LAFCOs to include and comment therein on the establishment, function, and structure relationship of JPAs. This addition, markedly, purposefully mirrors a similar amendment chaptered in 2012 involving private water providers.

Purposefully absent from the preliminary draft proposal to date are distinctions and or exceptions between JPAs. This comment is relevant given WP has received some informal feedback from interested parties suggesting the legislation be limited to exclude JPAs that are either purely financing vehicles and or provide an esoteric service beyond LAFCOs' presumed interest. WG respectfully disagrees and believes the legislation should ultimately affect all JPAs to empower each LAFCO with the information necessary to decide on their own which entity merits attention/review.

Also purposefully absent from the preliminary draft proposal to date are the formal reviews and comments from external stakeholders. WG has not engaged any stakeholder to date given its interest in first receiving clear direction from the Legislative Committee on legislative wording before justifying and or negotiating language with outside parties.

Last, please note WG is helping to organize a session for the upcoming CALAFCO Annual Conference on LAFCOs and JPAs. The session will include a discussion on potential legislative changes discussed in this agenda report with the goal of helping to solicit feedback from the general membership. WG believes it would be prudent for the Legislative Committee to consider the feedback generated from the Annual Conference before officially considering a recommendation to the Board.¹

C. Committee Review

This agenda report is being presented to the Legislative Committee for information with an invitation to provide comments and suggestions on all related matters. This includes providing feedback on preferences/priorities therein to help – among other areas – the WG in planning the JPA and LAFCO session at the Annual Conference.

Attachment: as stated

¹ Attendees at the Annual Conference would review only the WG's recommended proposal.

PRELIMINARY DRAFT PROPOSAL

July 25, 2014

1. Amend the “Joint Exercise of Powers Act” to include Section 6503.8

6503. The agreements shall state the purpose of the agreement or the power to be exercised. They shall provide for the method by which the purpose will be accomplished or the manner in which the power will be exercised.

6503.1. (a) When property tax revenues of a county of the second class are allocated by that county to an agency formed for the purpose of providing fire protection pursuant to this chapter, those funds may only be appropriated for expenditure by that agency for fire protection purposes.

(b) As used in this section, "fire protection purposes" means those purposes directly related to, and in furtherance of, providing fire prevention, fire suppression, emergency medical services, hazardous materials response, ambulance transport, disaster preparedness, rescue services, and related administrative costs.

(c) This section shall not be interpreted to alter any provision of law governing the processes by which cities or counties select providers of ambulance transport services.

6503.5. Whenever a joint powers agreement provides for the creation of an agency or entity that is separate from the parties to the agreement and is responsible for the administration of the agreement, such agency or entity shall, within 30 days after the effective date of the agreement or amendment thereto, cause a notice of the agreement or amendment to be prepared and filed with the office of the Secretary of State. The agency or entity shall furnish an additional copy of the notice of the agreement or amendment to the Secretary of State, who shall forward the copy to the Controller. The notice shall contain:

(a) The name of each public agency that is a party to the agreement.

(b) The date that the agreement became effective.

(c) A statement of the purpose of the agreement or the power to be exercised.

(d) A description of the amendment or amendments made to the agreement, if any. Notwithstanding any other provision of this chapter, any agency or entity administering a joint powers agreement or amendment to such an agreement, which agreement or amendment becomes effective on or after the effective date of this section, which fails to file the notice required by this section within 30 days after the effective date of the agreement or amendment, shall not thereafter, and until such filings are completed, issue any bonds or incur indebtedness of any kind.

6503.6. Whenever an agency or entity files a notice of agreement or amendment with the office of the Secretary of State pursuant to Section 6503.5, the agency or entity shall file a copy of the full text of the original joint powers agreement, and any amendments to the agreement, with the Controller.

6503.7. Within 90 days after the effective date of this section, any separate agency or entity constituted pursuant to a joint powers agreement entered into prior to the effective date of this section and responsible for the administration of the agreement shall cause a notice of the agreement to be prepared and filed with the office of the Secretary of State. The agency or entity shall also furnish an additional copy of the notice of the agreement to the Secretary of State who shall forward the copy to the Controller. The notice shall contain all the information required for notice given pursuant to Section 6503.5. Notwithstanding any other provision of this chapter, any joint powers agency that is required and fails to file notice pursuant to this section within 90 days after the effective date of this section shall not, thereafter, and until such filings are completed, issue any bonds, incur any debts, liabilities or obligations of any kind, or in any other way exercise any of its powers. For purposes of recovering the costs incurred in filing and processing the notices required to be filed pursuant to this section and Section 6503.5, the Secretary of State may establish a schedule of fees. Such fees shall be collected by the office of the Secretary of State at the time the notices are filed and shall not exceed the reasonably anticipated cost to the Secretary of State of performing the work to which the fees relate.

6503.8. (a) All entities constituted under this chapter and responsible for the administration of the agreement with effective dates prior to January 1, 2016 shall file notices with the local agency formation commissions in all affected counties no later than July 1, 2016. The notice shall contain all of the information required for notice pursuant to Section 6503.5. All subsequent amendments shall be filed with the local agency formation commission within 90 days of the effective date.

(b) All entities constituted under this chapter and responsible for the administration of the agreement and amendments thereafter with effective dates after January 1, 2016 shall file notices with the local agency formation commissions in all affected counties within 90 days of the effective date. The notice shall contain all of the information required for notice pursuant to Section 6503.5.

1. Amend the "Cortese-Knox-Hertzberg Act" to include Section 56435 as part of the MSR statutes

56435. The commission may study, review, and or comment upon the establishment, function, or other structure relationship involving joint powers authorities operating under Government Code Section 6500.1 as it deems relevant to fulfilling its purpose and relative to local conditions and circumstances.

LEGISLATIVE COMMITTEE MEETING STAFF REPORT

25 July 2014

Agenda Item No. 8 **Policy Amendment: Legislative Policies and Committee (4.5)**

Prepared By: Pamela Miller, Executive Director, Committee Chair

Date: 25 July 2014

RECOMMENDATION

1. Receive and file report.

DISCUSSION

At the July 11, 2014 Board of Director's meeting, the CALAFCO Board considered and unanimously approved the amendment of CALAFCO Policy 4.5. There were two recommended amendments presented by staff, of which were first considered and approved by the Board's Executive Committee, then by the full Board.

POLICY STATEMENT:

4.5 Legislative Policies and Committee³

Legislative Committee

In the fall of each year the Board shall appoint the members of the CALAFCO Legislative Committee.

The committee shall consist of up to 20 members appointed annually by the Board. Members include six Board Members, 9-11 LAFCo staff, the Executive Director, Legal Counsel, and the CALAFCO Executive Officer or designated Deputy Executive Officer. Members shall include representatives from all regions.

The Committee acts on behalf of the Board in developing and taking positions on legislation based on the Board's Legislative Polices. The Committee meets bimonthly, as needed, during key periods of the legislative session.

A quorum consisting of at least 50% of the appointed Board members is required for decisions. The Committee will strive towards consensus on all decisions. Should a consensus not be possible, decisions will be made by a majority vote. In cases where legislative policy is unclear, there is significant disagreement, or a financial commitment is required or at the request of any of the participating Board members, the Committee shall send an item to the full Board for consideration. The Board is to be presented with a full update on Committee activity at every Board meeting.

Preference for staff appointments is based on interest, expertise and past participation. Appointments will include statewide representation. Alternates will be appointed for the staff seats and will serve on a rotating basis whenever a regular member is absent. ~~No more than one voting member may serve from any one LAFCo.~~ No more than one voting staff member appointee may serve from any one LAFCo. The Board will endeavor to appoint balanced representation from all regions.

All CALAFCO members are encouraged to offer proposed legislation, request agenda items, attend meetings and participate in Committee discussions. The Committee will meet in alternating locations between Sacramento and Southern California. Action minutes will be prepared for each meeting and distributed to each member as well as the Executive Officer of each LAFCo.

BACKGROUND- Legislative Committee Staff Voting

The current policy addressing no more than one voting member per LAFCo is ambiguous in that while it is in the section addressing LAFCo staff appointed members, the policy does not specifically note staff. In today's Legislative Committee membership make-up, there are four (4) LAFCos that have both Board and staff representation (Contra Costa, Riverside, San Bernardino, and Placer). However, there are no LAFCos that have more than one staff voting member.

For clarity of the policy, staff recommended and the Board approved s a change to specifically note no more than one voting staff member per LAFCo.

POLICY STATEMENT:

Legislative Committee Chair and Vice Chair

The Board has designated the Executive Director to serve as Chair of the Legislative Committee. In this capacity, the Executive Director shall be a non-voting member of the Committee. The Chair shall appoint a volunteer LAFCo staff member who is a member of the Legislative Committee, as Vice Chair. ~~The Vice Chair serves as Chair and as a voting member in the absence of the Chair.~~ The Vice Chair serves as Chair in the absence of the Chair, and retains his/her voting rights while serving in that capacity. The Vice Chair will provide a leadership role in legislative research and developing the CKH omnibus bill.

BACKGROUND - Executive Director as a non-voting member

The current policy does not specify whether or not the Executive Director, as Chair of the committee, is a voting member. Staff believes it is in the best interest of the Association to have the Executive Director serve as a non-voting member of the committee. For clarity of the policy, staff recommended and the Board approved a change to identify the Executive Director as Chair and a non-voting member of the Committee.