

LAFCO

Santa Barbara Local Agency Formation Commission
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June 7, 2001 (Agenda)

Local Agency Formation Commission
105 East Anapamu Street
Santa Barbara CA 93101

Legislative Report

Dear Members of the Commission,

RECOMMENDATION

It is recommended the Commission adopt the legislative positions outlined herein and direct that they be communicated to CALAFCO and the County's legislative delegation.

DISCUSSION

This letter discusses the following legislative proposals.

- AB 720 - Assembly Local Government Committee
- AB 948 -Kelley
- AB 1495 - Cox
- SB 707 - Torlakson

It also proposes legislative changes to further refine and cleanup the Cortese/Knox/Hertzberg Act.

Pending Legislation

- **AB 720 (Assembly Local Government Committee) - Support**

Last year's enactment of AB 2838 was a major legislative change for LAFCOs. AB 720 is an Omnibus Bill carrying technical, non-substantive cleanup language for AB 2838.

Enclosed is the Assembly Local Government Committee's analysis of the bill and technical changes that are proposed in the bill by CALAFCO. The bill's author has accepted these changes.

- **AB 948 (Kelley) - Watch**

This bill, sponsored by the California Association of Water Agencies, amends Cortese-Knox-Hertzberg Act to require LAFCOs, prior to initiating proposals to consolidate, dissolve, merge or establish subsidiary districts, to reach findings, the most significant of which is that public service costs of the proposal are likely to be less or roughly similar.

Also, the bill prohibits LAFCO from ordering material changes in a proposal to consolidate or reorganize that would add or delete districts when the proposal has been adopted by two or more local agencies, except with written consent from the local agencies.

The Assembly Local Government Committee's analysis of the bill is enclosed.

- **AB 1495 (Cox) - Watch**

This bill amends the process to determine revenue transfers in connection with incorporating new cities. Last year, the Governor vetoed a similar bill because it included intent language stating any savings that would accrue to any affected agency, including the state, as a result of a transfer of services in an incorporation would be directed to the new city. The current version of AB 1495 does not include this language.

The bill directs LAFCOs to conduct comprehensive fiscal analyses in a particular manner, as explained in the enclosed analysis from the Assembly Local Government Committee.

This bill represents a compromise between cities and counties on the issue of revenue neutrality. In response to city contentions that LAFCOs have underestimated indirect costs of service provisions in the past, to the detriment of newly incorporated cities, this bill requires LAFCOs to focus on both the direct and indirect costs of providing services. Cities and counties agree that this legislation can help more communities incorporate and still protect county budgets.

In a related matter, AB 2838 directs the Office of Planning and Research to prepare guidelines for use in reviewing city incorporations. These guidelines must be completed by the end of this calendar year.

The staff recommends a "watch" position for this bill. It has cleared the Assembly and is in the Senate awaiting assignment to a committee and further hearings.

- **SB 707 (Torlakson) - Support**

This measure improves and updates the Recreation & Park District Law. CALAFCO and other stakeholders participated on a “Working Group on Revising the Recreation & Park District Law” which was appointed by the Senate Local Government Committee. The group carefully considered all sections of the law and recommends a revised statute. A legislative analysis of the bill is enclosed.

Other proposed amendments to the Cortese/Knox/Hertzberg Act

If the Commission supports the following changes, Commissioners Campbell and Umenhofer as members of the CALAFCO Executive Board and the staff should be authorized to pursue their inclusion in one the pending bills or as separate legislation.

- **Issue - Definition of “proponent”**

Existing Law - Defines “proponent” as those who file a notice of intention to circulate a petition with the Executive Officer.

Proposed Change – The definition should be expanded to include public agencies that file applications with LAFCO by resolution. Most proposals are submitted in this manner.

- **Issue – Authorization of Stipends for Commissioners**

Existing Law – AB 2838 changed the manner in which LAFCOs are financed and removed the County’s obligation to fully fund the Commission, however, Section 56334 was not changed and leaves solely with the County the authority to authorize payment of per diems to LAFCO Commissioners for attending Commission meetings.

Proposed Change – Modify Section 56334 to state that LAFCOs may authorize payment of per diems for Commissioners for participation in LAFCO meetings and activities.

- **Issue – Special District Sphere of influence Language**

Existing Law – The section that directs LAFCOs to adopt spheres of influence for special districts is confusing. It states, “For any sphere of influence or a sphere of influence that includes a special district, the commission shall do all of the following . . .”and then proceeds to identify the identification of the nature and location of services that the district provides.

Proposed Change – Modify Section 56425(h) to state, “When adopting or updating a sphere of influence for a special district, the commission shall do all of the following:”

- **Issue – Terminology when creating new agencies**

Existing Law – Section 56886.5 discussed a proposal that includes the “formation” of a new government. “Formation” is a technical term that refers specifically to special districts, yet the rest of the section pertains to all new agencies including cities.

Proposed Change – Substitute the word “creation” for “formation” in Section 56886.5.

- **Issue – Unreasonable deadline to set conducting authority hearing**

Existing Law – Section 57002 states that not later than 35 days after LAFCO adopts its resolution of approval, but only after the 30-day period for filing reconsideration has run, the Executive Officer shall set the proposal for hearing. This leaves a five-day period in which to set the hearing. Based on work schedules, Commission hearings, legal holidays or other considerations this may be an unrealistic time period.

Proposed Change – Substitute 45 days for 35 days in Section 57002.

- **Issue – Place terms and conditions in the proper section**

Existing Law – Section 56886 sets forth an array of terms and conditions that LAFCOs can impose when approving proposals. It is the section in which permissible terms and conditions would be found. Due to an oversight in drafting AB 2838 the wording for a particular type of condition, dealing with public utilities, is included in Section 57201(d).

Proposed Change – Move the terms and conditions language from Section 57201 to 56886.

We believe these changes will improve the Commission’s governing statute and may be acceptable as modifications to an existing bill moving through this year’s legislature.

Please contact the LAFCO office if you have any questions.

Sincerely,

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BOB BRAITMAN
Executive Officer