



Chairman

Andrew Vanderlaan
Public Member

August 4, 2014

14

REVISED

Vice Chairman

John Ingalls
Santa Fe
Irrigation District

TO: Local Agency Formation Commission

FROM: Executive Officer

Members

Bill Horn
County Board of
Supervisors

SUBJECT: 2014 Legislative Status Report

Dianne Jacob
County Board of
Supervisors

This is the regular Legislative Update Report for June 2014, designed to keep the Commission informed with proposed state legislation in the second year of the 2013-14 Legislative Session. As reported at the June commission meeting, six bills had been identified for tracking at that time; one more has been added since last month. The Commission approved a Support position on two bills, AB 2156 and AB 2762, and support letters were sent to the legislator's office. Both bills have since been signed by the Governor and Chaptered by the Secretary of State. The legislature is on summer recess status until August 4, 2014, when they return for the last month of the 2013-14 Legislative Session.

Bud Pocklington
South Bay
Irrigation District

Lorie Zapf
Councilmember
City of San Diego

Jim Janney
Mayor
City of Imperial Beach

A new bill summary matrix on bills being tracked is provided for commission review, discussion, and possible action. LAFCO staff will be prepared to give an update on each of the bills and any amendments to bills are introduced by the August 2014 meeting, or as may be requested by the Commission. One additional bill has been added to the tracking report as referenced at the June meeting:

Sam Abed
Mayor
City of Escondido

Alternate Members

Greg Cox
County Board of
Supervisors

SB 614 (Wolk) Jurisdictional changes; infrastructure financing

Sherri Lightner
Councilmember
City of San Diego

This bill would require, if a proposal for a change of organization or reorganization including a disadvantaged unincorporated community (DUC) is submitted by a city to a commission, that the applicant submit a plan for providing services within the affected territory and allow the applicant agency to enter into agreements with a local special district to provide financing of needed infrastructure. This is proposed to provide a method of financing needed infrastructure to serve disadvantaged unincorporated communities (DUC's), if needed.

Jo MacKenzie
Vista Irrigation District

Lorraine Wood
Councilmember
City of Carlsbad

Harry Mathis
Public Member

Executive Officer

Michael D. Ott

Counsel

Thomas Bosworth

The bill is sponsored by the League of California Cities to address the situations where annexations of areas greater than ten acres must include consideration of any DUC areas within the city sphere of influence area. LAFCO staff has looked at the potential implementation of the bill and believe that as currently drafted it will not change how an area may be annexed other than adding an opportunity for more analysis of the plan for services by the applicant city.

CALAFCO has taken a Watch position on the bill and is coordinating discussions with stakeholders on possible amendments to address applicable procedural issues identified in the review of the bill. Additional amendments are expected to be introduced after the legislature returns from summer recess on August 4, 2014.

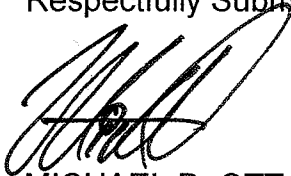
San Diego LAFCO Proposed Position: Watch

Staff is proposing no change in position on the other bills. We will continue to monitor activities on these bills and report to the Commission on the status of these bills as necessary. Therefore, it is

RECOMMENDED: That your Commission

Receive, discuss, and provide direction, as necessary, on the 2014 Legislative Report.

Respectfully Submitted,



MICHAEL D. OTT
Executive Officer



HARRY EHRLICH
Director, Legislative Research

MDO:HE:ra

Attachment: Legislative Tracking Report
SB614

SAN DIEGO LAFCO
LEGISLATIVE TRACKING REPORT
JULY 10, 2014

14
REVISED

Attachment

AB 1521 (Fox): Local government finance property tax revenue allocations and vehicle license fee adjustments

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.

Introduced: 1/16/2014

Last Amended: 6/17/2014

Comments: This bill would provide for VLF funds for cities that annexed inhabited areas since 2011. CALAFCO is Support on this bill.

San Diego LAFCO Proposed Position: Watch

SB 69 (Roth): Local government finance: property tax revenue allocation: vehicle license fee adjustments

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.

Last Amended: 6/16/2014

Comments: This bill would provide VLF funds for newly incorporated cities since 2006 that lost funding in prior years. CALAFCO is Support on this bill. It is reported that the two above bills may be combined into a final bill later in the Legislative Session.

San Diego LAFCO Proposed Position: Watch

AB 1527 (Perea): Public Water Systems - Drinking Water

Summary: Would require the State Department of Public Health, in administering programs to fund improvements and expansions of small community water systems, and other water systems, as specified, to promote service delivery alternatives that improve efficiency and affordability of infrastructure and service delivery, as specified. This bill is a placeholder to address identified needs for small water systems and disadvantaged communities and is expected to be amended to focus on those issues.

Introduced: 1/17/2014

Amended: 4/09/2014

Status: Referred to Committee on Local Government

Comments: This bill provides policy direction for providing funding for small water systems and disadvantaged communities and as amended gives preference for considering financial assistance to small system consolidations or for promoting water conservation programs. CALAFCO is Oppose Unless Amended on this bill and is working to amend it to correct technical issues.

San Diego LAFCO Proposed Position: Support

AB 2156 (Achadjian R): Local Agency Formation Commissions: studies

Summary: Would include joint powers agencies and joint powers authorities among the entities from which a local agency formation commission is authorized to request land use information, studies, and plans, for purposes of conducting specified 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.

Introduced: 2/20/2014

Status: Signed by Governor

Comments: As proposed, this bill would authorize LAFCO’s to request information for MSR’s from Joint Power Agencies (JPA’s) not currently addressed in the Cortese-Knox-Hertzberg Local Government Reorganization Act 2000. The author’s office indicates that this is to address situations where JPA’s are increasingly providing direct services to areas and customers rather than just to member agencies. No authority over organization or operations of JPA’s is included in the proposed bill.

San Diego LAFCO Proposed Position: Support and Letter Sent

SB 1001 (Knight R): Local government

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

Introduced: 2/13/2014

Status: 2/27/2014: Referred to Com. on RLS.

Comments: This is a Spot Bill expected to be amended in the future. Staff will track the bill.

San Diego LAFCO Proposed Position: Watch

AB 2762: Assembly Omnibus Bill

Summary: This is the annual Omnibus Bill that makes non-controversial changes to the Cortese-Knox-Hertzberg Act or Government Code. Several sections are proposed for amendments dealing with authorizing a change of organization or reorganization to provide for, or to be made subject to, one or more terms and conditions specified in the commission's resolution making determinations, in which case, the terms and conditions imposed constitute the exclusive terms and conditions for the change of organization or reorganization,

This bill instead would provide that if a change or reorganization is made subject to terms and conditions, those terms and conditions shall prevail in the event of a conflict with other specified general provisions of law. The act defines a landowner-voter district and prescribes certain voting thresholds for landowner-voter districts for elections associated with proposals initiated by a local agency formation commission.

This bill would make non-substantive, technical changes to these and other provisions.

Introduced: 3/24/2014

Status: Signed by Governor on 7/09/2014

Comments: This is the annual omnibus bill and contains proposals prepared by LAFCO's around the state. It is intended to be noncontroversial.

San Diego LAFCO Proposed Position: Support and Letter Sent

SB 614 (Wolk) Local government: jurisdictional changes: infrastructure financing.

Summary: This bill would require, if a proposal for a change of organization or reorganization including a disadvantaged unincorporated community (DUC) is submitted by a city to a commission, that the applicant submit a plan for providing services within the affected territory and would allow the applicant agency to enter into agreements with a local special district to provide financing of needed infrastructure. This is proposed to provide a method of financing needed infrastructure to serve disadvantaged unincorporated communities (DUC's), if needed.

Last Amended: 6/16/2014

Status: 6/30/2014- On Assembly Floor, Read second time, ordered to third reading.

Comments: The bill is sponsored by the League of California Cities to address the situations where annexations of areas greater than ten acres must include consideration of any DUC areas within the city sphere of influence area. LAFCO staff has looked at the potential implementation of the bill and believe that as currently drafted it will not change how an area may be annexed other than adding an opportunity for more analysis of the plan for services submitted by the applicant city.

CALAFCO has taken a Watch position on the bill and is coordinating discussions with stakeholders on possible amendments to address applicable procedural issues identified in the review of the bill. Additional amendments are expected to be introduced for consideration after the legislature returns from summer recess on August 4, 2014.

San Diego LAFCO Proposed Position: Watch

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
3 incorporated into the approval of an annexation of a disadvantaged,
4 unincorporated community.

5 SEC. 2. Section 56653 of the Government Code is amended
6 to read:

7 56653. (a) If a proposal for a change of organization or
8 reorganization is submitted pursuant to this part, the applicant shall
9 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 commission or the 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 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 (1) 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 a special district with the special district's*
26 *consent.*

27 (2) If a local agency includes a plan pursuant to paragraph (1),
28 ~~a commission may, subject to paragraph (3), amend the petition~~
29 *local agency formation commission may amend 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
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 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 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 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, 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 local agencies upon the total sum of the assessed value
2 of the taxable property in the territory as shown upon the
3 assessment roll used in connection with the taxation of the property
4 by the affected local agency, last equalized prior to the effective
5 date of the certification of completion, and that portion of taxes
6 by or for each school entity, shall be allocated to, and when
7 collected shall be paid to, the respective affected local agencies
8 and school entities as taxes by or for the affected local agencies
9 and school entities on all property are paid.

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

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.