

Chairman

Sam Abed
Mayor
City of Escondido

August 7, 2017

Vice Chairwoman

Jo MacKenzie
Vista Irrigation District

TO: Local Agency Formation Commission

FROM: Executive Officer
Director, Legislative Research

Members

Bill Horn
County Board of
Supervisors

SUBJECT: Legislative Update Report

Dianne Jacob
County Board of
Supervisors

This is the monthly status report on LAFCO related legislation for 2017. Attachment A is a legislative summary of selected bills that staff has identified for tracking. This summary is current through July 17, 2017.

Andrew Vanderlaan
Public Member

Additionally as previously reported, the Little Hoover Commission (LHC) held its second hearing on issues relating to various types of Special Districts and LAFCO at a Workshop on June 22, 2017. Approximately 15 invited representatives participated to address policy recommendations on special district governance and LAFCO responsibilities as well as LAFCO authority and funding. Draft recommendations by LHC staff have been developed and are being reviewed for input at the LHC meeting in August. CSDA and CALAFCO are providing feedback ahead of the final staff report being released.

Lorie Zapf
Councilmember
City of San Diego

Catherine Blakespear
Mayor
City of Encinitas

Ed Sprague
Olivenhain Municipal
Water District

Alternate Members

Greg Cox
County Board of
Supervisors

Staff continues to coordinate with CALAFCO to monitor and track legislation impacting LAFCO or other related governance agencies. The bills are organized in an order of priority to CALAFCO from 1 (High priority) to 3 (Low priority). The following are the status on bills that the Commission approved Support and write letter positions for each.

Chris Cate
Councilmember
City of San Diego

Racquel Vasquez
Mayor
City of Lemon Grove

AB 464 (Gallagher) Local government reorganization

Harry Mathis
Public Member

AB 464 is sponsored by CALAFCO to address a situation in current law wherein Government Code Section 56653 does not address certain conditions of services currently provided when a plan for services is submitted for an annexation. This bill would specify that the plan being submitted would also include information regarding services currently provided to the affected territory even if by contract. This situation arose

Judy Hanson
Leucadia Wastewater
District

Executive Officer

Michael D. Ott

Counsel

Michael G. Colantuono

from a court decision on a lawsuit (City of Patterson v. Turlock Irrigation District) in Stanislaus County. **Approved position: Support; Letter sent. Status: Passed Legislature and Signed by Governor July 10, 2017.**

AB 979 (Lackey) Cortese-Knox-Hertzberg Act: Special District representation on LAFCO

This bill is sponsored by CSDA and cosponsored by CALAFCO addressing the procedure for special districts to propose to hold an election on having representation on a commission. Additionally, in July 2018, in counties where multiple Redevelopment Agency (RDA) Oversight Boards have existed, LAFCO is to administer an election process for selecting a representative to the county-wide RDA Oversight Board, in accordance with SB 107 enacted in 2016. The proposed method is to have the Special Districts Selection Committee (officers of each independent special district) vote to select the representative. San Diego LAFCO has already used this method to select representatives to the commission. Amendments were proposed and made on May 15, 2017, to address concerns of CALAFCO. **Approved position: Support; Letter sent. Status: Passed Assembly and at Senate Floor for Third Reading July 17, 2017.**

AB 892 (Waldron) Municipal water districts: water service to Indian tribes

As reported, this is now a two-year bill.

AB 1725 (ALGC) Omnibus Bill

This is the annual Assembly Local Government Committee (ALGC) bill that usually addresses any issues involving the Cortese-Knox-Hertzberg Act and LAFCO. The bill addresses non-controversial or clarification issues and currently only corrects one minor section. The bill is expected to be amended to address four more issues brought forward by CALAFCO but this has not been processed as of this time. Staff will continue to monitor this bill and once amended consider a position of support on the bill. A copy of the current bill is attached as information. **Recommended position: Support as Amended July 3, 2017. On Senate Floor agenda for Third Reading July 17, 2017.**

SB 448 (Wieckowski) Local government organization: districts and audits

This bill as amended proposes to define inactive special districts and to establish a process for the State Controller to annually publish a list of inactive districts for information to LAFCO. If determined to be inactive, LAFCO would be required to study the district and hold a public hearing to determine if the district should be dissolved. If action is taken by LAFCO it would not be subject to protest. Another section of the bill

would require all audits of special districts be filed with their applicable LAFCO and available for the public on the LAFCO website.

CALAFCO is working with the author on amendments to address procedural issues and bill was amended in the Committee hearing on July 13, 2017. **Recommended position: Consider Support position after amendments are published.**

New Bill of Interest

AB 1361 (Garcia) Municipal Water District Service to Indian Tribe Lands

This bill is an amended bill from June 28, 2017, that would authorize a Municipal Water District to provide water service to an Indian Tribe's lands that are not within the district if requested by the Indian Tribe and all conditions of service are agreed upon. This bill is sponsored by the Rincon Indian Tribe and will be heard in the Senate governance Committee on July 19, 2017. CALAFCO has taken an Oppose position on the bill based upon the exclusion of Commission review and authority. San Diego LAFCO staff have shared concerns of similar factors in a letter dated July 13, 2017 (attached) but not taken a position on the bill. **Recommendation: Provide staff with Direction.**

There are a number of other bills that staff are continuing to monitor as the legislative session continues. The summary as provided in Attachment A, the CALAFCO Tracking Report, is current as of July 18, 2017.

San Diego LAFCO staff will provide the Commission with a verbal update at the meeting on any actions on these bills. Therefore, it is:

RECOMMENDED: That your Commission, Receive this Legislative Update Report and provide direction to staff on the identified legislative bills as appropriate.

Respectfully submitted,



MICHAEL D. OTT
Executive Officer



HARRY EHRLICH
Director Legislative Research

MDO:HE:trl

Attachments

Attachment A: CALAFCO Tracking Report
Senate Bill 448
Assembly Bill 1361
Assembly Bill 1361 Letter dated July 13, 2017

ATTACHMENT A

CALAFCO Daily Legislative Report as of Tuesday, July 18, 2017

AB 1479 (Bonta D) Public records: custodian of records: civil penalties.**Current Text:** Amended: 7/3/2017 [Text](#)**Introduced:** 2/17/2017**Last Amended:** 7/3/2017**Status:** 7/18/2017-Action From APPR.: Read second time.To CONSENT CALENDAR.

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

Calendar:

7/20/2017 #65 SENATE SEN SECOND READING FILE - ASSEMBLY BILLS

Summary:

Under current law, the California Public Records Act, requires a public agency, defined to mean any state or local agency, to make its public records available for public inspection and to make copies available upon request and payment of a fee, unless the public records are exempt from disclosure. This bill would require public agencies to designate a person or persons, or office or offices to act as the agency's custodian of records who is responsible for responding to any request made pursuant to the California Public Records Act and any inquiry from the public about a decision by the agency to deny a request for records. The bill also would make other conforming changes.

Position: Oppose**Subject:** Public Records Act

CALAFCO Comments: As amended this bill requires any public agency to designate a person/office to act as the agency's custodian of records who will be responsible for responding to all public records requests and to respond to an inquiries as to why the agency denied the request for records. Further the bill adds a failure to respond for records or an improperly assessed fee can be considered a civil penalty and allows the courts to issue fines ranging from \$1000 - \$5000.

1

AB 464 (Gallagher R) Local government reorganization.**Current Text:** Chaptered: 7/10/2017 [Text](#)**Introduced:** 2/13/2017**Last Amended:** 3/14/2017**Status:** 7/10/2017-Approved by the Governor. Chaptered by Secretary of State - Chapter 43, Statutes of 2017.

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

Summary:

Under the Cortese-Knox-Hertzberg Local Government Reorganization Act of 2000, current law requires that an applicant seeking a change of organization or reorganization submit a plan for providing services within the affected territory that includes, among other requirements, an enumeration and description of the services to be extended to the affected territory and an indication of when those services can feasibly be extended. This bill would specify that the plan is required to also include

specific information regarding services currently provided to the affected territory, as applicable, and make related changes.

Attachments:

[CALAFCO Letter Requesting Governor Signature](#)
[CALAFCO Letter of Support April 2017](#)

Position: Sponsor

Subject: Annexation Proceedings

CALAFCO Comments: This bill makes a fix to Gov. Code Sec. 56653 based on the court finding in the case of The City of Patterson v. Turlock Irrigation District. The court found that because the services were already being provided via an out of area service agreement, the application for annexation was deemed incomplete because it was not a new service to be provided. By making the fix in statute, any pending/future annexation for a territory that is already receiving services via an out of area service agreement will not be in jeopardy.

As amended, corrections were made to: 56653(b)(3) reading "proposed" rather than "provided", and in Government Code Section 56857 an exemption added pursuant to Public Utilities Code Section 9608 for territory already receiving electrical service under a service area agreement approved by the Public Utilities Commission pursuant to Public Utilities Code Section 9608.

[AB 979](#) ([Lackey R](#)) Local agency formation commissions: district representation.

Current Text: Amended: 5/15/2017 [Text](#)

Introduced: 2/16/2017

Last Amended: 5/15/2017

Status: 7/11/2017-Read second time. Ordered to third reading.

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

Calendar:

7/20/2017 #210 SENATE SEN THIRD READING FILE - ASM BILLS

Summary:

The Cortese-Knox-Hertzberg Local Government Reorganization Act of 2000 provides for the selection of representatives of independent special districts on each local agency formation commission by an independent special district selection committee pursuant to a nomination and election process. This bill would additionally require the executive officer to call and hold a meeting of the special district selection committee upon the adoption of a resolution of intention by the committee relating to proceedings for representation of independent special districts upon the commission pursuant to specified law.

Attachments:

[CALAFCO Sponsor/Support Letter April 2017](#)

Position: Sponsor

Subject: CKH General Procedures

CALAFCO Comments: This bill is co-sponsored by CALAFCO and CSDA. As amended, the bill amends code Sec. 56332.5 to streamline the process of seating special districts on LAFCo by mirroring current statute 56332 (the process for electing special district representatives into the special district seats). Keeping the process voluntary, it allows for voting by mail whether or not the district wants to have special districts represented on LAFCo. Further, it will allow for the consolidation of that question with the independent special district selection committee appointment to a countywide redevelopment agency oversight board pursuant to Health and Safety Code 34179 (j) (3).

[AB 1361](#) ([Garcia, Eduardo D](#)) Municipal water districts: water service: Indian tribes.

Current Text: Amended: 6/28/2017 [Text](#)

Introduced: 2/17/2017

Last Amended: 6/28/2017

Status: 7/6/2017-Re-referred to Com. on GOV. & F.

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

Calendar:

7/19/2017 9:30 a.m. - Room 112 SENATE GOVERNANCE AND FINANCE, MCGUIRE, Chair

Summary:

The Municipal Water District Law of 1911 provides for the formation of municipal water districts and grants to those districts specified powers. Current law permits a district to acquire, control, distribute, store, spread, sink, treat, purify, recycle, recapture, and salvage any water for the beneficial use of the district, its inhabitants, or the owners of rights to water in the district. Current law, upon the request of certain Indian tribes and the satisfaction of certain conditions, requires a district to provide service of water at substantially the same terms applicable to the customers of the district to the Indian tribe's lands that are not within a district, as prescribed. This bill would additionally authorize a district to provide this service of water to an Indian tribe's lands that are not within the district if the Indian tribe's lands are owned by the tribe.

Attachments:

[CALAFCO Oppose letter 07 12 17](#)

Position: Oppose

Subject: Water

CALAFCO Comments: As amended, this bill allows water districts to provide service to an Indian tribe's lands that are not within the district boundaries without going through the current statutory process of approval by the local agency formation commission (LAFCo).

[AB 1725](#) (Committee on Local Government) Local agency formation.

Current Text: Amended: 7/3/2017 [Text](#)

Introduced: 3/20/2017

Last Amended: 7/3/2017

Status: 7/13/2017-From Consent Calendar. Ordered to third reading.

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

Calendar:

7/20/2017 #243 SENATE SEN THIRD READING FILE - ASM BILLS

Summary:

The Cortese-Knox-Hertzberg Local Government Reorganization Act of 2000 provides the exclusive authority and procedure for the initiation, conduct, and completion of changes of organization and reorganization for cities and districts, as specified. The act defines various terms for these purposes, including the term "contiguous," which the act defines as territory adjacent to territory within the local agency. This bill would instead define "contiguous" as territory that abuts or shares a common boundary with territory within a local agency.

Attachments:

[CALAFCO Letter of Support April 2017](#)

Position: Sponsor

Subject: CKH General Procedures

CALAFCO Comments: This is the annual Omnibus bill. The bill makes only minor, non-substantive technical changes to CKH.

SB 37 (Roth D) Local government finance: property tax revenue allocations: vehicle license fee adjustments.**Current Text:** Introduced: 12/5/2016 [Text](#)**Introduced:** 12/5/2016**Status:** 5/26/2017-Failed Deadline pursuant to Rule 61(a)(5). (Last location was APPR. SUSPENSE FILE on 5/25/2017)(May be acted upon Jan 2018)

Desk	Policy	2 year	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 a city incorporating after January 1, 2004, and on or before January 1, 2012, for the 2017-18 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.

Attachments:[CALAFCO Support Letter Feb 2017](#)**Position:** Support**Subject:** Financial Viability of Agencies, Tax Allocation

CALAFCO Comments: This bill is identical to SB 817 (Roth, 2016), SB 25 (Roth, 2015) and SB 69 (Roth, 2014) with the exception of the chaptering out language included in the 2016 version (which addressed the companion bill AB 2277 (Melendez, 2016)). The bill calls for reinstatement of the VLF through ERAF for cities that incorporated between January 1, 2004 and January 1, 2012. There are no provisions for back payments for lost revenue, but the bill does reinstate future payments beginning in the 2017/18 year for cities that incorporated between 1-1-2004 and 1-1-2012.

SB 448 (Wieckowski D) Local government: organization: districts.**Current Text:** Amended: 7/17/2017 [Text](#)**Introduced:** 2/15/2017**Last Amended:** 7/17/2017**Status:** 7/17/2017-Read second time and amended. Re-referred to Com. on APPR. (Amended 7/17/2017)

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

Summary:

Current law requires a report of an audit of a special district's accounts and records made by a certified public accountant or public accountant to be filed with the Controller and the county auditor of the county in which the special district is located within 12 months of the end of the fiscal year or years under examination. This bill would instead require special districts defined by a specified provision to file those audit reports with the Controller and special districts defined by another specified provision to file those audit reports with the Controller and with the local agency formation commission of either the county in which the special district is located or, if the special district is located in 2 or more counties, with each local agency formation commission within each county in which the district is located.

Attachments:[CALAFCO Oppose Unless Amended Letter](#)**Position:** Oppose unless amended

Subject: CKH General Procedures

CALAFCO Comments: As amended substantially on May 26, this bill authorizes LAFCo to dissolve inactive districts (after determining they meet the criteria set forth in the statute) by holding one hearing, without conducting a special study and with the waiver of protest proceedings. The bill is currently silent on how the LAFCo knows a district is inactive and the time frame in which the LAFCo must take the dissolution action. CALAFCO has been working with stakeholders and the authors office on pending amendments that will help clarify the process and connect other statutes to these actions. CALAFCO submitted amendments on June 18 for the authors consideration.

During the July 12 ALGC hearing the author accepted all of the committee's amendments. These changes will resolve all of CALAFCO's outstanding concerns and once in print our position will be changed to Support.

3

AB 267 (Waldron R) Community services districts.

Current Text: Introduced: 2/1/2017 [Text](#)

Introduced: 2/1/2017

Status: 5/12/2017-Failed Deadline pursuant to Rule 61(a)(3). (Last location was PRINT on 2/1/2017)(May be acted upon Jan 2018)

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

Summary:

Current law provides for the organization and powers of community services districts, including the continuation of any community services district, improvement district of a community services district, or zone of a community services district, that was in existence on January 1, 2006. This bill would make nonsubstantive changes to these provisions.

Position: Watch

CALAFCO Comments: According to the author's office this is a spot bill.

AB 548 (Steinorth R) Omnitrans Transit District.

Current Text: Amended: 4/4/2017 [Text](#)

Introduced: 2/14/2017

Last Amended: 4/4/2017

Status: 4/28/2017-Failed Deadline pursuant to Rule 61(a)(2). (Last location was TRANS. on 3/23/2017)(May be acted upon Jan 2018)

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

Summary:

Would create the Omnitrans Transit District in the County of San Bernardino. The bill would provide that the jurisdiction of the district would initially include the Cities of Chino, Chino Hills, Colton, Fontana, Grand Terrace, Highland, Loma Linda, Montclair, Ontario, Rancho Cucamonga, Redlands, Rialto, San Bernardino, Upland, and Yucaipa, and unspecified portions of the unincorporated areas of the County of San Bernardino. The bill would authorize other cities in the County of San Bernardino to subsequently join the district.

Position: None at this time

CALAFCO Comments: This bill, as amended, appears to dissolve the Omnitrans JPA and form a new independent special district to be known as the Omnitrans Transit District. The formation process does not include LAFCo. CALAFCO is reaching out to the author's office for more details.

AB 577 (Caballero D) Disadvantaged communities.**Current Text:** Amended: 3/9/2017 [Text](#)**Introduced:** 2/14/2017**Last Amended:** 3/9/2017**Status:** 4/28/2017-Failed Deadline pursuant to Rule 61(a)(2). (Last location was E.S. & T.M. on 2/27/2017)(May be acted upon Jan 2018)

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

Summary:

Current law defines a disadvantaged community as a community with an annual median household income that is less than 80% of the statewide annual median household income for various purposes, that include, but are not limited to, the Water Quality, Supply, and Infrastructure Improvement Act of 2014, eligibility for certain entities to apply for funds from the State Water Pollution Cleanup and Abatement Account, and authorization for a community revitalization and investment authority to carry out a community revitalization plan. This bill would expand the definition of a disadvantaged community to include a community with an annual per capita income that is less than 80% of the statewide annual per capita income.

Position: Watch**Subject:** Disadvantaged Communities

CALAFCO Comments: Sponsored by the Environmental Justice Coalition for Water, this bill is intended to expand the definition of disadvantaged communities to include multi-family households. According to the author's office this will be a two-year bill. CALAFCO will retain a Watch position until any amendments are in print.

AB 645 (Quirk D) Local government: organization: dissolution.**Current Text:** Introduced: 2/14/2017 [Text](#)**Introduced:** 2/14/2017**Status:** 5/12/2017-Failed Deadline pursuant to Rule 61(a)(3). (Last location was L. GOV. on 3/2/2017)(May be acted upon Jan 2018)

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

Summary:

Under current law, if a change of organization consists of a dissolution, the commission is required to order the dissolution subject to confirmation of voters if, among other things, the proposal was not initiated by the commission and if a subject agency has not objected to the proposal, the commission has found that, for an inhabited territory protests have been signed by either 25% of the number of landowners within the affected territory who own at least 25% of the assessed value of land within the territory or 25% of the voters entitled to vote as a result of residing or owning land within the affected territory. This bill would decrease that threshold to 10% of the number of landowners within the affected territory who own at least 25% of the assessed value of land within the territory or 10% of the voters entitled to vote as a result of residing or owning land within the affected territory.

Position: Watch**Subject:** CKH General Procedures, Disincorporation/dissolution, Special District Consolidations

CALAFCO Comments: According to the author's office this is a spot bill pending the outcome of the Alameda LAFCo special study on Eden Healthcare District. Update: The author's office indicates they will hold off moving this bill. CALAFCO will continue to Watch.

AB 892 (Waldron R) Municipal water districts: water service: Indian tribes.

Current Text: Amended: 3/23/2017 [Text](#)

Introduced: 2/16/2017

Last Amended: 3/23/2017

Status: 5/12/2017-Failed Deadline pursuant to Rule 61(a)(3). (Last location was L. GOV. on 3/23/2017)(May be acted upon Jan 2018)

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

Summary:

Current law, upon the request of certain Indian tribes and the satisfaction of certain conditions, requires a district to provide service of water at substantially the same terms applicable to the customers of the district to the Indian tribe's lands that are not within a district, as prescribed. This bill would authorize, rather than require, a district to provide this service of water. The bill would apply this authorization to all Indian tribes whose lands are owned by the tribe.

Position: Watch

Subject: Water

CALAFCO Comments: According to the author's office, this may very well become a two-year bill. The intent of the bill was to make it permissive for an Indian tribe to negotiate directly with a water provider to obtain water services. This would circumvent LAFCo. This bill expands on last year's bill by Gonzalez-Fletcher, AB 2470. The author's office has indicated the bill will not move forward in it's current version. They understand CALAFCO's concerns. CALAFCO will continue to monitor the bill for any amendments and will consider a position if/when amendments are in print.

[AB 1728](#) (Committee on Local Government) Health care districts: board of directors.

Current Text: Introduced: 3/22/2017 [Text](#)

Introduced: 3/22/2017

Status: 7/12/2017-From committee: Do pass and re-refer to Com. on APPR. with recommendation: To Consent Calendar. (Ayes 7. Noes 0.) (July 12). Re-referred to Com. on APPR.

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

Summary:

Each health care district has a board of directors with specific duties and powers respecting the creation, administration, and maintenance of the district, including purchasing, receiving, having, taking, holding, leasing, using, and enjoying property. This bill would require the board of directors to adopt an annual budget in a public meeting, on or before September 1 of each year, that conforms to generally accepted accounting and budgeting procedures for special districts, establish and maintain an Internet Web site that lists contact information for the district, and adopt annual policies for providing assistance or grant funding, if the district provides assistance or grants.

Attachments:

[AB 1728 CALAFCO Letter of Support](#)

Position: Support

Subject: Other

CALAFCO Comments: As introduced, this bill requires healthcare districts to adopt annual budgets, establish and maintain a website (and prescribes the required site content), and adopt policies for grant funding.

[SB 206](#) (Committee on Governance and Finance) Validations.

Current Text: Chaptered: 7/10/2017 [Text](#)

Introduced: 2/1/2017

Status: 7/10/2017-Approved by the Governor. Chaptered by Secretary of State.
Chapter 57, Statutes of 2017.

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 2017, 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.

Attachments:

[CALAFCO Letter Requesting Governor Signature 06 26 17](#)
[CALAFCO Support Feb 2017](#)

Position: Support

Subject: LAFCo Administration

CALAFCO Comments: One of three annual acts which validate the boundaries of all local agencies.

SB 207 (Committee on Governance and Finance) Validations.

Current Text: Chaptered: 7/10/2017 [Text](#)

Introduced: 2/1/2017

Status: 7/10/2017-Approved by the Governor. Chaptered by Secretary of State.
Chapter 58, Statutes of 2017.

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

Summary:

This bill would enact the Second Validating Act of 2017, 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.

Attachments:

[CALAFCO Letter Requesting Governor Signature 06 26 17](#)
[CALAFCO Support Feb 2017](#)

Position: Support

Subject: LAFCo Administration

CALAFCO Comments: One of three annual acts which validate the boundaries of all local agencies.

SB 208 (Committee on Governance and Finance) Validations.

Current Text: Chaptered: 7/10/2017 [Text](#)

Introduced: 2/1/2017

Status: 7/10/2017-Approved by the Governor. Chaptered by Secretary of State.
Chapter 59, Statutes of 2017.

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

Summary:

This bill would enact the Third Validating Act of 2017, which would validate the organization, boundaries, acts, proceedings, and bonds of the state and counties, cities, and specified districts, agencies, and entities.

Attachments:

[CALAFCO Letter Requesting Governor Signature 06 26 17](#)
[CALAFCO Support Letter Feb 2017](#)

Position: Support

Subject: LAFCo Administration

CALAFCO Comments: One of three annual acts which validate the boundaries of all local agencies.

SB 365 (Dodd D) Regional park and open-space districts: County of Solano.**Current Text:** Amended: 7/13/2017 [Text](#)**Introduced:** 2/14/2017**Last Amended:** 7/13/2017**Status:** 7/17/2017-Read third time. Passed. Ordered to the Senate.

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

Summary:

Current law authorizes proceedings for the formation of a regional park and open-space or regional open-space district in specified counties in the state to be initiated by resolution of the county board of supervisors adopted after a noticed hearing, and specifies the contents of the resolution. This bill, in addition, would authorize the formation of a regional district in the County of Solano to be initiated by resolution of the county board of supervisors after a noticed hearing. The bill would specify the contents of the resolution, including the calling of an election, as prescribed.

Attachments:[SB 365 CALAFCO Letter of Oppose 03 28 17](#)**Position:** Oppose**Subject:** LAFCo Administration

CALAFCO Comments: This bill calls for the formation of a regional park and open space district which will circumvent the LAFCo formation process. CALAFCO discussed our concerns with the author's office, who has made it clear they will not be considering any potential amendments unless requested by Solano LAFCo. As Solano LAFCo is now formally in support of the bill, it is not likely there will be any amendments.

SB 435 (Dodd D) Williamson Act: payments to local governments.**Current Text:** Amended: 5/2/2017 [Text](#)**Introduced:** 2/15/2017**Last Amended:** 5/2/2017**Status:** 5/25/2017-May 25 hearing: Held in committee and under submission.

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

Summary:

Would, under the Williamson act, reduce the amount per acre paid to a city, county, or city and county under these provisions to \$2.50 for prime agricultural land, \$0.50 for all other land devoted to open-space uses of statewide significance, and, for counties that have adopted farmland security zones, \$4 for land that is within, or within 3 miles of the sphere of influence of, each incorporated city.

Attachments:[CALAFCO Support Letter May 2017](#)**Position:** Support**Subject:** Ag Preservation - Williamson

CALAFCO Comments: This bill renews partial subvention funding for the Williamson Act as a fiscal incentive to lift contract moratoria, implements solar use easements and Farmland Security Zone Contracts, and increases subvention funding for counties that adopt conservation planning strategies for agriculturally zoned property that further our state's sustainable community goals.

SB 634 (Wilk R) Santa Clarita Valley Water District.**Current Text:** Amended: 7/12/2017 [Text](#)**Introduced:** 2/17/2017**Last Amended:** 7/12/2017**Status:** 7/12/2017-Read second time and amended. Re-referred to Com. on APPR.

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

Summary:

Current law, the Castaic Lake Water Agency Law, created the Castaic Lake Water Agency and authorizes the agency to acquire water and water rights, including water from the State Water Project, and to provide, sell, and deliver water at wholesale for municipal, industrial, domestic, and other purposes. This bill would repeal the Castaic Lake Water Agency Law.

Attachments:

[CALAFCO Letter Removing Opposition 06 26 17](#)

[CALAFCO Letter Oppose Unless Amended 03 27 17](#)

Position: Neutral

Subject: Special District Consolidations

CALAFCO Comments: As amended, this bill consolidates two independent water districts in Los Angeles. The bill was amended to include LAFCo in the process via an application for binding conditions. As statute does not allow the local LAFCo to deny the application when both district boards have adopted resolutions of support, the amendments of May 26 address all of CALAFCO's concerns. As a result CALAFCO has removed our opposition and now is neutral on the bill.

SB 693 (Mendoza D) Lower San Gabriel River Recreation and Park District.

Current Text: Amended: 7/3/2017 [Text](#)

Introduced: 2/17/2017

Last Amended: 7/3/2017

Status: 7/11/2017-From committee: Do pass and re-refer to Com. on APPR. (Ayes 10. Noes 4.) (July 11). Re-referred to Com. on APPR.

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

Summary:

Would specifically authorize the establishment of the Lower San Gabriel River Recreation and Park District, by petition or resolution submitted to the Los Angeles County Local Agency Formation Commission before January 1, 2020, subject to specified existing laws governing recreation and park districts, including their formation, except as provided. The bill would authorize specified city councils and the Los Angeles County Board of Supervisors to appoint members to, and the executive officer of the conservancy to serve as a member on, the initial board of directors of the district.

Position: Watch

Subject: LAFCo Administration

CALAFCO Comments: This bill forms the Lower San Gabriel River Recreation and Park District while leaving a majority of the LAFCo process intact. CALAFCO will keep watching to ensure it stays that way.

Total Measures: 20

Total Tracking Forms: 20

7/18/2017 1:36:38 PM

AMENDED IN ASSEMBLY JULY 17, 2017
AMENDED IN ASSEMBLY JULY 3, 2017
AMENDED IN SENATE MAY 26, 2017
AMENDED IN SENATE MAY 2, 2017
AMENDED IN SENATE APRIL 18, 2017
AMENDED IN SENATE APRIL 4, 2017

SENATE BILL

No. 448

Introduced by Senator Wieckowski

February 15, 2017

An act to amend Sections ~~26909~~ 26909, 56073.1, and 56375 of, to add Sections 12463.4 and 56042 to, and to add Article 6 (commencing with Section 56879) to Chapter 5 of Part 3 of Division 3 of Title 5 of, the Government Code, relating to local government.

LEGISLATIVE COUNSEL'S DIGEST

SB 448, as amended, Wieckowski. Local government: organization: districts.

(1) Existing law requires the officer of each local agency, as defined, who has charge of the financial records of the local agency, to furnish to the Controller a report of all the financial transactions of the local agency during the next preceding fiscal year within 7 months after the close of each fiscal year. Existing law also requires a report of an audit of a special district's accounts and records made by a certified public accountant or public accountant to be filed with the Controller and the county auditor of the county in which the special district is located

within 12 months of the end of the fiscal year or years under examination.

This bill would instead require special districts defined by a specified provision to file those audit reports with the Controller and special districts defined by another specified provision to file those audit reports with the Controller and with the local agency formation commission of either the county in which the special district is located or, if the special district is located in 2 or more counties, with each local agency formation commission within each county in which the district is located. The bill would also require the Controller to publish on the Controller’s Internet Web site a comprehensive list of special districts on or before July 1, 2019, and to annually update that list.

(2) The Cortese-Knox-Hertzberg Local Government Reorganization Act of 2000 provides the exclusive authority and procedure for the initiation, conduct, and completion of changes of organization and reorganization for cities and districts, as specified.

This bill would require the Controller to create a list of special districts that are inactive, as provided. The bill would also require the Controller to publish this list and to notify a local agency formation commission in the county or counties in which the special district is located if the Controller has included the special district in this list. The bill would require a local agency formation commission to initiate proceedings for the dissolution of any special district that is an inactive district and to dissolve those districts. The bill would define the term “inactive district” for these purposes. This bill would also make conforming changes. By increasing the duties of local officials, this bill would impose a state-mandated local program.

(3) The California Constitution requires the state to reimburse local agencies and school districts for certain costs mandated by the state. Statutory provisions establish procedures for making that reimbursement.

This bill would provide that no reimbursement is required by this act for a specified reason.

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

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

1 SECTION 1. Section 12463.4 is added to the Government
2 Code, to read:

1 12463.4. On or before July 1, 2019, the Controller shall publish
2 on the Controller’s Internet Web site a comprehensive list of special
3 districts. The Controller shall update the list every year thereafter.
4 For purposes of this section, the term “special district” means an
5 “independent district” or “independent special district” as those
6 terms are defined in Section 56044.

7 SEC. 2. Section 26909 of the Government Code, as amended
8 by Section 1 of Chapter 164 of the Statutes of 2016, is amended
9 to read:

10 26909. (a) (1) The county auditor shall either make or contract
11 with a certified public accountant or public accountant to make an
12 annual audit of the accounts and records of every special district
13 within the county for which an audit by a certified public
14 accountant or public accountant is not otherwise provided. In each
15 case, the minimum requirements of the audit shall be prescribed
16 by the Controller and shall conform to generally accepted auditing
17 standards.

18 (2) (A) If an audit of a special district’s accounts and records
19 is made by a certified public accountant or public accountant, the
20 minimum requirements of the audit shall be prescribed by the
21 Controller and shall conform to generally accepted auditing
22 standards.

23 (B) A report of the audit required pursuant to subparagraph (A)
24 shall be filed within 12 months of the end of the fiscal year or years
25 under examination as follows:

26 (i) For a special district defined in paragraph (2) of subdivision
27 (d) of Section 12463, with the Controller.

28 (ii) For a special district defined in Section 56036, with the
29 Controller and with the local agency formation commission of the
30 county in which the special district is located, unless the special
31 district is located in two or more counties, then with each local
32 agency formation commission within each county in which the
33 district is located.

34 (3) Any costs incurred by the county auditor, including contracts
35 with, or employment of, certified public accountants or public
36 accountants, in making an audit of every special district pursuant
37 to this section shall be borne by the special district and shall be a
38 charge against any unencumbered funds of the district available
39 for the purpose.

1 (4) For a special district that is located in two or more counties,
2 this subdivision shall apply to the auditor of the county in which
3 the treasury is located.

4 (5) The county controller, or ex officio county controller, shall
5 effect this section in those counties having a county controller or
6 ex officio county controller.

7 (b) A special district may, by unanimous request of the
8 governing board of the special district and with unanimous
9 approval of the board of supervisors, replace the annual audit
10 required by this section with one of the following, performed in
11 accordance with professional standards, as determined by the
12 county auditor:

13 (1) A biennial audit covering a two-year period.

14 (2) An audit covering a five-year period if the special district's
15 annual revenues do not exceed an amount specified by the board
16 of supervisors.

17 (3) An audit conducted at specific intervals, as recommended
18 by the county auditor, that shall be completed at least once every
19 five years.

20 (c) (1) A special district may, by unanimous request of the
21 governing board of the special district and with unanimous
22 approval of the board of supervisors, replace the annual audit
23 required by this section with a financial review, or an agreed-upon
24 procedures engagement, in accordance with the appropriate
25 professional standards, as determined by the county auditor, if the
26 following conditions are met:

27 (A) All of the special district's revenues and expenditures are
28 transacted through the county's financial system.

29 (B) The special district's annual revenues do not exceed one
30 hundred fifty thousand dollars (\$150,000).

31 (C) The special district shall pay for any costs incurred by the
32 county auditor in performing an agreed-upon procedures
33 engagement. Those costs shall be charged against any
34 unencumbered funds of the district available for that purpose.

35 (2) If the board of supervisors is the governing board of the
36 special district, it may, upon unanimous approval, replace the
37 annual audit of the special district required by this section with a
38 financial review, or an agreed-upon procedures engagement, in
39 accordance with the appropriate professional standards, as

1 determined by the county auditor, if the special district satisfies
2 the requirements of subparagraphs (A) and (B) of paragraph (1).

3 (d) (1) A special district may, by annual unanimous request of
4 the governing board of the special district and with annual
5 unanimous approval of the board of supervisors, replace the annual
6 audit required by this section with an annual financial compilation
7 of the special district to be performed by the county auditor in
8 accordance with professional standards, if all of the following
9 conditions are met:

10 (A) All of the special district's revenues and expenditures are
11 transacted through the county's financial system.

12 (B) The special district's annual revenues do not exceed one
13 hundred fifty thousand dollars (\$150,000).

14 (C) The special district shall pay for any costs incurred by the
15 county auditor in performing a financial compilation. Those costs
16 shall be a charge against any unencumbered funds of the district
17 available for that purpose.

18 (2) A special district shall not replace an annual audit required
19 by this section with an annual financial compilation of the special
20 district pursuant to paragraph (1) for more than five consecutive
21 years, after which a special district shall comply with subdivision
22 (a).

23 (e) Notwithstanding this section, a special district shall be
24 exempt from the requirement of an annual audit if the financial
25 statements are audited by the Controller to satisfy federal audit
26 requirements.

27 (f) Upon receipt of the financial review, agreed-upon procedures
28 engagement, or financial compilation, the county auditor shall
29 have the right to appoint, pursuant to subdivision (a), a certified
30 public accountant or a public accountant to conduct an audit of
31 the special district, with proper notice to the governing board of
32 the special district and board of supervisors.

33 (g) This section shall remain in effect only until January 1, 2027,
34 and as of that date is repealed.

35 SEC. 3. Section 26909 of the Government Code, as added by
36 Section 2 of Chapter 164 of the Statutes of 2016, is amended to
37 read:

38 26909. (a) (1) The county auditor shall either make or contract
39 with a certified public accountant or public accountant to make an
40 annual audit of the accounts and records of every special district

1 within the county for which an audit by a certified public
2 accountant or public accountant is not otherwise provided. In each
3 case, the minimum requirements of the audit shall be prescribed
4 by the Controller and shall conform to generally accepted auditing
5 standards.

6 (2) (A) If an audit of a special district's accounts and records
7 is made by a certified public accountant or public accountant, the
8 minimum requirements of the audit shall be prescribed by the
9 Controller and shall conform to generally accepted auditing
10 standards.

11 (B) A report of the audit required pursuant to subparagraph (A)
12 shall be filed within 12 months of the end of the fiscal year or years
13 under examination as follows:

14 (i) For a special district defined in paragraph (2) of subdivision
15 (d) of Section 12463, with the Controller.

16 (ii) For a special district defined in Section 56036, with the
17 Controller and with the local agency formation commission of the
18 county in which the special district is located, unless the special
19 district is located in two or more counties, then with each local
20 agency formation commission within each county in which the
21 district is located.

22 (3) Any costs incurred by the county auditor, including contracts
23 with, or employment of, certified public accountants or public
24 accountants, in making an audit of every special district pursuant
25 to this section shall be borne by the special district and shall be a
26 charge against any unencumbered funds of the district available
27 for the purpose.

28 (4) For a special district that is located in two or more counties,
29 this subdivision shall apply to the auditor of the county in which
30 the treasury is located.

31 (5) The county controller, or ex officio county controller, shall
32 effect this section in those counties having a county controller or
33 ex officio county controller.

34 (b) A special district may, by unanimous request of the
35 governing board of the special district and with unanimous
36 approval of the board of supervisors, replace the annual audit
37 required by this section with one of the following, performed in
38 accordance with professional standards, as determined by the
39 county auditor:

40 (1) A biennial audit covering a two-year period.

1 (2) An audit covering a five-year period if the special district's
2 annual revenues do not exceed an amount specified by the board
3 of supervisors.

4 (3) An audit conducted at specific intervals, as recommended
5 by the county auditor, that shall be completed at least once every
6 five years.

7 (c) (1) A special district may, by unanimous request of the
8 governing board of the special district and with unanimous
9 approval of the board of supervisors, replace the annual audit
10 required by this section with a financial review, in accordance with
11 the appropriate professional standards, as determined by the county
12 auditor, if the following conditions are met:

13 (A) All of the special district's revenues and expenditures are
14 transacted through the county's financial system.

15 (B) The special district's annual revenues do not exceed one
16 hundred fifty thousand dollars (\$150,000).

17 (2) If the board of supervisors is the governing board of the
18 special district, it may, upon unanimous approval, replace the
19 annual audit of the special district required by this section with a
20 financial review in accordance with the appropriate professional
21 standards, as determined by the county auditor, if the special district
22 satisfies the requirements of subparagraphs (A) and (B) of
23 paragraph (1).

24 (d) Notwithstanding this section, a special district shall be
25 exempt from the requirement of an annual audit if the financial
26 statements are audited by the Controller to satisfy federal audit
27 requirements.

28 (e) This section shall become operative on January 1, 2027.

29 SEC. 4. Section 56042 is added to the Government Code, to
30 read:

31 56042. "Inactive district" means a special district that meets
32 all of the following:

33 (a) The special district is as defined in Section 56036.

34 (b) The special district has had no financial transactions in the
35 previous fiscal year.

36 (c) The special district has no ~~assets~~: *assets and liabilities*.

37 ~~(d) The special district has no fund equity.~~

38 (e)

1 (d) The special district has no outstanding debts, judgments,
2 litigation, contracts, liens, ~~claims, or postemployment liabilities.~~
3 *or claims.*

4 SEC. 5. Section 56073.1 of the Government Code is amended
5 to read:

6 56073.1. “Resolution of application” means the document
7 adopted by a local agency or school district initiating a change of
8 organization or reorganization pursuant to Section ~~56654.~~ 56654
9 *or the document adopted by a commission pursuant to paragraph*
10 *(2) of subdivision (a) of Section 56375 or by subdivision (c) of*
11 *Section 56879.*

12 ~~SEC. 5.~~

13 SEC. 6. Section 56375 of the Government Code is amended
14 to read:

15 56375. The commission shall have all of the following powers
16 and duties subject to any limitations upon its jurisdiction set forth
17 in this part:

18 (a) (1) To review and approve with or without amendment,
19 wholly, partially, or conditionally, or disapprove proposals for
20 changes of organization or reorganization, consistent with written
21 policies, procedures, and guidelines adopted by the commission.

22 (2) The commission may initiate proposals by resolution of
23 application for any of the following:

24 (A) The consolidation of a district, as defined in Section 56036.

25 (B) The dissolution of a district.

26 (C) A merger.

27 (D) The establishment of a subsidiary district.

28 (E) The formation of a new district or districts.

29 (F) A reorganization that includes any of the changes specified
30 in subparagraph (A), (B), (C), (D), or (E).

31 (G) The dissolution of an inactive district pursuant to Section
32 56879.

33 (3) A commission may initiate a proposal described in paragraph
34 (2) only if that change of organization or reorganization is
35 consistent with a recommendation or conclusion of a study
36 prepared pursuant to Section 56378, 56425, or 56430, and the
37 commission makes the determinations specified in subdivision (b)
38 of Section 56881.

1 (4) A commission shall not disapprove an annexation to a city,
2 initiated by resolution, of contiguous territory that the commission
3 finds is any of the following:

4 (A) Surrounded or substantially surrounded by the city to which
5 the annexation is proposed or by that city and a county boundary
6 or the Pacific Ocean if the territory to be annexed is substantially
7 developed or developing, is not prime agricultural land as defined
8 in Section 56064, is designated for urban growth by the general
9 plan of the annexing city, and is not within the sphere of influence
10 of another city.

11 (B) Located within an urban service area that has been delineated
12 and adopted by a commission, which is not prime agricultural land,
13 as defined by Section 56064, and is designated for urban growth
14 by the general plan of the annexing city.

15 (C) An annexation or reorganization of unincorporated islands
16 meeting the requirements of Section 56375.3.

17 (5) As a condition to the annexation of an area that is
18 surrounded, or substantially surrounded, by the city to which the
19 annexation is proposed, the commission may require, where
20 consistent with the purposes of this division, that the annexation
21 include the entire island of surrounded, or substantially surrounded,
22 territory.

23 (6) A commission shall not impose any conditions that would
24 directly regulate land use density or intensity, property
25 development, or subdivision requirements.

26 (7) The decision of the commission with regard to a proposal
27 to annex territory to a city shall be based upon the general plan
28 and rezoning of the city. When the development purposes are not
29 made known to the annexing city, the annexation shall be reviewed
30 on the basis of the adopted plans and policies of the annexing city
31 or county. A commission shall require, as a condition to
32 annexation, that a city prezone the territory to be annexed or present
33 evidence satisfactory to the commission that the existing
34 development entitlements on the territory are vested or are already
35 at build-out, and are consistent with the city's general plan.
36 However, the commission shall not specify how, or in what
37 manner, the territory shall be rezoned.

38 (8) (A) Except for those changes of organization or
39 reorganization authorized under Section 56375.3, and except as
40 provided by subparagraph (B), a commission shall not approve an

1 annexation to a city of any territory greater than 10 acres, or as
2 determined by commission policy, where there exists a
3 disadvantaged unincorporated community that is contiguous to
4 the area of proposed annexation, unless an application to annex
5 the disadvantaged unincorporated community to the subject city
6 has been filed with the executive officer.

7 (B) An application to annex a contiguous disadvantaged
8 community shall not be required if either of the following apply:

9 (i) A prior application for annexation of the same disadvantaged
10 community has been made in the preceding five years.

11 (ii) The commission finds, based upon written evidence, that a
12 majority of the registered voters within the affected territory are
13 opposed to annexation.

14 (b) With regard to a proposal for annexation or detachment of
15 territory to, or from, a city or district or with regard to a proposal
16 for reorganization that includes annexation or detachment, to
17 determine whether territory proposed for annexation or detachment,
18 as described in its resolution approving the annexation, detachment,
19 or reorganization, is inhabited or uninhabited.

20 (c) With regard to a proposal for consolidation of two or more
21 cities or districts, to determine which city or district shall be the
22 consolidated successor city or district.

23 (d) To approve the annexation of unincorporated, noncontiguous
24 territory, subject to the limitations of Section 56742, located in the
25 same county as that in which the city is located, and that is owned
26 by a city and used for municipal purposes and to authorize the
27 annexation of the territory without notice and hearing.

28 (e) To approve the annexation of unincorporated territory
29 consistent with the planned and probable use of the property based
30 upon the review of general plan and rezoning designations. No
31 subsequent change may be made to the general plan for the annexed
32 territory or zoning that is not in conformance to the rezoning
33 designations for a period of two years after the completion of the
34 annexation, unless the legislative body for the city makes a finding
35 at a public hearing that a substantial change has occurred in
36 circumstances that necessitate a departure from the rezoning in
37 the application to the commission.

38 (f) With respect to the incorporation of a new city or the
39 formation of a new special district, to determine the number of
40 registered voters residing within the proposed city or special district

1 or, for a landowner-voter special district, the number of owners
2 of land and the assessed value of their land within the territory
3 proposed to be included in the new special district. The number
4 of registered voters shall be calculated as of the time of the last
5 report of voter registration by the county elections official to the
6 Secretary of State prior to the date the first signature was affixed
7 to the petition. The executive officer shall notify the petitioners of
8 the number of registered voters resulting from this calculation.
9 The assessed value of the land within the territory proposed to be
10 included in a new landowner-voter special district shall be
11 calculated as shown on the last equalized assessment roll.

12 (g) To adopt written procedures for the evaluation of proposals,
13 including written definitions consistent with existing state law.
14 The commission may adopt standards for any of the factors
15 enumerated in Section 56668. Any standards adopted by the
16 commission shall be written.

17 (h) To adopt standards and procedures for the evaluation of
18 service plans submitted pursuant to Section 56653 and the initiation
19 of a change of organization or reorganization pursuant to
20 subdivision (a).

21 (i) To make and enforce regulations for the orderly and fair
22 conduct of hearings by the commission.

23 (j) To incur usual and necessary expenses for the
24 accomplishment of its functions.

25 (k) To appoint and assign staff personnel and to employ or
26 contract for professional or consulting services to carry out and
27 effect the functions of the commission.

28 (l) To review the boundaries of the territory involved in any
29 proposal with respect to the definiteness and certainty of those
30 boundaries, the nonconformance of proposed boundaries with lines
31 of assessment or ownership, and other similar matters affecting
32 the proposed boundaries.

33 (m) To waive the restrictions of Section 56744 if it finds that
34 the application of the restrictions would be detrimental to the
35 orderly development of the community and that the area that would
36 be enclosed by the annexation or incorporation is so located that
37 it cannot reasonably be annexed to another city or incorporated as
38 a new city.

39 (n) To waive the application of Section 22613 of the Streets and
40 Highways Code if it finds the application would deprive an area

1 of a service needed to ensure the health, safety, or welfare of the
 2 residents of the area and if it finds that the waiver would not affect
 3 the ability of a city to provide any service. However, within 60
 4 days of the inclusion of the territory within the city, the legislative
 5 body may adopt a resolution nullifying the waiver.

6 (o) If the proposal includes the incorporation of a city, as defined
 7 in Section 56043, or the formation of a district, as defined in
 8 Section 2215 of the Revenue and Taxation Code, the commission
 9 shall determine the property tax revenue to be exchanged by the
 10 affected local agencies pursuant to Section 56810.

11 (p) To authorize a city or district to provide new or extended
 12 services outside its jurisdictional boundaries pursuant to Section
 13 56133.

14 (q) To enter into an agreement with the commission for an
 15 adjoining county for the purpose of determining procedures for
 16 the consideration of proposals that may affect the adjoining county
 17 or where the jurisdiction of an affected agency crosses the boundary
 18 of the adjoining county.

19 (r) To approve with or without amendment, wholly, partially,
 20 or conditionally, or disapprove pursuant to this section the
 21 annexation of territory served by a mutual water company formed
 22 pursuant to Part 7 (commencing with Section 14300) of Division
 23 3 of Title 1 of the Corporations Code that operates a public water
 24 system to a city or special district. Any annexation approved in
 25 accordance with this subdivision shall be subject to the state and
 26 federal constitutional prohibitions against the taking of private
 27 property without the payment of just compensation. This
 28 subdivision shall not impair the authority of a public agency or
 29 public utility to exercise eminent domain authority.

30 ~~SEC. 6.~~

31 *SEC. 7.* Article 6 (commencing with Section 56879) is added
 32 to Chapter 5 of Part 3 of Division 3 of Title 5 of the Government
 33 Code, to read:

34

35 Article 6. Inactive Special Districts

36

37 56879. (a) On or before November 1, 2018, and every year
 38 thereafter, the Controller shall create a list of special districts that
 39 are inactive, as defined in Section 56042, based upon the financial
 40 reports received by the Controller pursuant to Section 53891. The

1 Controller shall publish the list of inactive districts on the
2 Controller’s Internet Web site. The Controller shall also notify the
3 commission in the county or counties in which the district is located
4 if the Controller has included the district in this list.

5 (b) The commission shall initiate dissolution of inactive districts
6 by resolution within 90 days of receiving notification from the
7 Controller pursuant to subdivision (a), unless the commission
8 determines that the district does not meet the criteria set forth in
9 Section 56042. The commission shall notify the Controller if the
10 commission determines that a district does not meet the criteria
11 set forth in Section 56042.

12 (c) The commission shall dissolve inactive districts. The
13 commission shall hold one public hearing on the dissolution of an
14 inactive district pursuant to this ~~section~~. *section no more than 90*
15 *days following the adoption of the resolution initiating dissolution.*
16 The dissolution of an inactive district shall not be subject to any
17 of the following:

18 ~~(1) Sections 57008, 57077.1, and 57102.~~

19 *(1) Chapter 1 (commencing with Section 57000) to Chapter 7*
20 *(commencing with Section 57176), inclusive, of Part 4.*

21 (2) Determinations pursuant to subdivision (b) of Section 56881.

22 (3) Requirements for commission-initiated changes of
23 organization described in paragraph (3) of subdivision (a) of
24 Section 56375.

25 ~~(d) If the Controller receives substantial evidence that a district~~
26 ~~does not meet the criteria set forth in Section 56042, the Controller~~
27 ~~shall remove the district from the inactive list created pursuant to~~
28 ~~subdivision (a) and notify the commission in the county or counties~~
29 ~~in which the district is located.~~

30 56880. This article shall not apply to a special district formed
31 by special legislation ~~during the period of time in which the district~~
32 ~~is authorized to obtain funding.~~ *that is required by its enabling*
33 *statute to obtain funding within a specified period of time or be*
34 *dissolved. That district shall not be subject to this article during*
35 *that specified period of time.*

36 ~~SEC. 7.~~

37 SEC. 8. No reimbursement is required by this act pursuant to
38 Section 6 of Article XIII B of the California Constitution because
39 a local agency or school district has the authority to levy service
40 charges, fees, or assessments sufficient to pay for the program or

- 1 level of service mandated by this act, within the meaning of Section
- 2 17556 of the Government Code.

O

AMENDED IN SENATE JUNE 28, 2017

AMENDED IN SENATE JUNE 26, 2017

AMENDED IN ASSEMBLY MAY 26, 2017

AMENDED IN ASSEMBLY APRIL 3, 2017

CALIFORNIA LEGISLATURE—2017–18 REGULAR SESSION

ASSEMBLY BILL

No. 1361

Introduced by Assembly Member Eduardo Garcia

February 17, 2017

An act to amend Section 71611.5 of the Water Code, relating to water.

LEGISLATIVE COUNSEL'S DIGEST

AB 1361, as amended, Eduardo Garcia. Municipal water districts: water service: Indian tribes.

Existing law, the Municipal Water District Law of 1911, provides for the formation of municipal water districts and grants to those districts specified powers. Existing law permits a district to acquire, control, distribute, store, spread, sink, treat, purify, recycle, recapture, and salvage any water for the beneficial use of the district, its inhabitants, or the owners of rights to water in the district. Existing law, upon the request of certain Indian tribes and the satisfaction of certain conditions, requires a district to provide service of water at substantially the same terms applicable to the customers of the district to the Indian tribe's lands that are not within a district, as prescribed.

This bill would ~~authorize, rather than require,~~ *additionally authorize* a district to provide this service of water. ~~The bill would apply this authorization to all Indian tribes whose lands~~ *water to an Indian tribe's*

lands that are not within the district if the Indian tribe’s lands are owned by the tribe.

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. Section 71611.5 of the Water Code is amended
2 to read:

3 ~~71611.5. Notwithstanding any other law:~~

4 ~~(a)~~

5 71611.5. ~~Upon~~(a) (1) Except as provided in paragraph (2),
6 upon the request of an Indian tribe and the satisfaction of the
7 conditions stated in subdivision (b), a district shall provide service
8 of water at substantially the same terms applicable to the customers
9 of the district to an Indian tribe’s lands that are not within a district
10 as if the lands had been fully annexed into the district and into any
11 other public agencies required for the provision of water service
12 if the Indian tribe’s lands meet all of the following requirements:

13 ~~(1)~~

14 (A) The lands were owned by the tribe on January 1, 2016.

15 ~~(2)~~

16 (B) The lands are contiguous with at least two districts.

17 ~~(3)~~

18 (C) The lands lie within the special study area of at least one
19 district.

20 ~~(4)~~

21 (D) At least 70 percent of the Indian tribe’s total Indian lands
22 are currently within the boundaries of one or more districts.

23 (2) Upon the request of an Indian tribe that does not meet the
24 requirements of paragraph (1) and upon the satisfaction of the
25 conditions stated in subdivision (b), a district may provide service
26 of water at substantially the same terms applicable to customers
27 of the district to an Indian tribe’s lands that are not within a district
28 as if the lands had been fully annexed into the district and into any
29 other public agencies required for the provision of water service
30 if the Indian tribe’s lands are owned by the tribe.

31 (b) Before a district provides service of water pursuant to this
32 section, the Indian tribe shall satisfy all of the following conditions:

33 (1) The Indian tribe complies with all federal and tribal laws.

1 (2) The Indian tribe acquires all federal and tribal approvals
2 necessary for the applicable district to provide water service to the
3 tribal lands on substantially the same terms applicable to customers
4 of the district.

5 (3) The Indian tribe ~~shall by agreement accept~~ *accepts, by*
6 *agreement*, all terms of, and payments to (including service
7 payments), the district and any public agency providing water to
8 said district, as if the Indian tribe's lands were fully annexed into
9 the district and into the service area of any other public agency,
10 which terms and payments are also a condition of continued service
11 by a district and by any public agency providing water to said
12 district.

13 (c) If a district provides service of water to an Indian tribe's
14 lands pursuant to this section, the service areas of the district and
15 of any public agencies providing water to the district are deemed
16 for all purposes to include the Indian tribe's lands for the longest
17 of the following periods of time:

18 (1) The time service of water is provided by the district to the
19 Indian tribe.

20 (2) The time moneys are owed by the Indian tribe to the district
21 for the service of water.

22 (3) The term of any agreement between the district and the
23 Indian tribe.

24 ~~SECTION 1. Section 71611.5 of the Water Code is amended~~
25 ~~to read:~~

26 ~~71611.5. Notwithstanding any other law:~~

27 ~~(a) Upon the request of an Indian tribe and the satisfaction of~~
28 ~~the conditions stated in subdivision (b), a district may provide~~
29 ~~service of water at substantially the same terms applicable to the~~
30 ~~customers of the district to an Indian tribe's lands that are not~~
31 ~~within a district as if the lands had been fully annexed into the~~
32 ~~district and into any other public agencies required for the provision~~
33 ~~of water service if the Indian tribe's lands are owned by the tribe.~~

34 ~~(b) Before a district provides service of water pursuant to this~~
35 ~~section, the Indian tribe shall satisfy all of the following conditions:~~

36 ~~(1) The Indian tribe complies with all federal and tribal laws.~~

37 ~~(2) The Indian tribe acquires all federal and tribal approvals~~
38 ~~necessary for the applicable district to provide water service to the~~
39 ~~tribal lands on substantially the same terms applicable to customers~~
40 ~~of the district.~~

- 1 ~~(3) The Indian tribe accepts, by agreement, all terms of, and~~
2 ~~payments to (including service payments), the district and any~~
3 ~~public agency providing water to said district, as if the Indian~~
4 ~~tribe's lands were fully annexed into the district and into the service~~
5 ~~area of any other public agency, which terms and payments are~~
6 ~~also a condition of continued service by a district and by any public~~
7 ~~agency providing water to said district.~~
8 ~~(e) If a district provides service of water to an Indian tribe's~~
9 ~~lands pursuant to this section, the service areas of the district and~~
10 ~~of any public agencies providing water to the district are deemed~~
11 ~~for all purposes to include the Indian tribe's lands for the longest~~
12 ~~of the following periods of time:~~
13 ~~(1) The time service of water is provided by the district to the~~
14 ~~Indian tribe.~~
15 ~~(2) The time moneys are owed by the Indian tribe to the district~~
16 ~~for the service of water.~~
17 ~~(3) The term of any agreement between the district and the~~
18 ~~Indian tribe.~~



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San Diego Local Agency Formation Commission

Website: www.sdlafco.org

Chairman

Sam Abed
Mayor
City of Escondido

July 13, 2017

Vice Chairwoman

Jo MacKenzie
Vista Irrigation District

Assemblymember Eduardo Garcia
California State Assembly
California State Capitol, Room 4140
Sacramento, CA 95814

Members

Bill Horn
County Board of
Supervisors

RE: **AB 1361 – Letter of Concern** (as amended June 28, 2017)

Dianne Jacob
County Board of
Supervisors

Dear Assemblymember Garcia:

Andrew Vanderlaan
Public Member

The San Diego Local Agency Formation Commission (LAFCO) staff has been following your bill, **AB 1361**, which was recently amended to allow Municipal Water Districts, upon a request of an Indian Tribe, to provide service to a tribe's lands that are not within the district boundaries without going through the current statutory process of review and approval by the LAFCO. Because this bill as amended on June 28, 2017, allows for an extension of services without review and annexation or even the extension of service approval processes by LAFCO, San Diego LAFCO has several concerns as to how this bill might impact planning for water services within our county.

Lorie Zapf
Councilmember
City of San Diego

Catherine Blakespear
Mayor
City of Encinitas

Ed Sprague
Olivenhain Municipal
Water District

Alternate Members

Greg Cox
County Board of
Supervisors

Chris Cate
Councilmember
City of San Diego

Racquel Vasquez
Mayor
City of Lemon Grove

Harry Mathis
Public Member

Judy Hanson
Leucadia Wastewater
District

Executive Officer

Michael D. Ott

Legal Counsel

Michael G. Colantuono

It is our understanding that there are not any current specific service provision problems preventing an Indian Tribe or a Municipal Water District from proposing to provide water services within their territories. San Diego LAFCO has several Indian Tribe Lands within our county that have historically not wanted to be within water district territories including The San Diego County Water Authority (CWA) and Metropolitan Water District of Southern California (MWD) since their formation back in the 1950's era. These not apart lands are in some cases islands or adjacent to districts and have not participated in the long-term water supply planning and funding that has developed the efficient and reliable water systems that exist today. Instead, it seems that now as development has extended into areas including tribal lands, some tribes propose to subvert existing law by obtaining the granting of a special exception for any potential extension of water service to any tribal land on a statewide basis.

The current sphere of influence and annexation processes have been uniquely crafted by the legislature to ensure the provision of local public agency services are carefully reviewed and approved by a local public body in the form of LAFCOs in each county. LAFCOs currently have authority over the boundaries and service extension of public agency service providers.

Assemblymember Eduardo Garcia
July 13, 2017
Page 2

We understand the bill's sponsor believes that LAFCOs have no authority over tribal lands. While the State and Indian Tribes have unique planning and contractual agreements, LAFCOs do have authority over the boundaries of each of the public agency service providers within our county and not the service recipient (tribe). So, when an extension of service is sought by that service provider to an area outside the existing boundaries, the existing LAFCO process ensures that all public agency service extensions do not cause undue growth impacts and consider how other local agencies provide their services. Approximately every five years, the sphere of influence of each agency is reviewed and services are fully vetted in a local public hearing process.

We believe that the existing, sphere of influence and annexation process allows for a thorough, publicly transparent evaluation of both service needs and capability before allowing such a service extension like water service to occur. It is the goal of San Diego LAFCO to fairly and thoroughly study and evaluate the appropriate method and responsibility for service to be provided including to Indian tribal lands. We also believe that to provide special general language allowing for development of a service agreement without LAFCO knowledge and participation undercuts the intent of providing for efficient service capability. When contracts for new service are entered into, LAFCO should be informed.

Without taking an oppose position in this effort, we would welcome the opportunity to participate with the Indian Tribe representatives to seek a solution to allow for the intended goal while keeping LAFCO informed of plans for new services as well as keep information current on services provided by the various water agencies. In this manner the larger goal should be able to be achieved which is the provision of a reliable water service to all areas and residents including tribal lands.

For these reasons, San Diego LAFCO requests the opportunity to further explore modified language and processes in **AB 1361** so that all interested parties may achieve our goals to serve our communities.

Yours sincerely,



HARRY EHRLICH, SDA
Director, Legislative Research

cc: Committee Members, Senate Governance and Finance Committee
Anton Favorini-Csorba, Consultant, Senate Governance and Finance Committee
Ryan Eisberg, Senate Republican Caucus Consultant
Pamela Miller, Executive Director, CA Association of Local Agency Formation Commissions