



Chairman

Bill Horn
County Board of
Supervisors

May 4, 2015

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Vice Chairman

Sam Abed
Mayor
City of Escondido

TO: Local Agency Formation Commission

FROM: Executive Officer

Members

SUBJECT: Legislative Status Report

Dianne Jacob
County Board of
Supervisors

This is the monthly Legislative update report for May 4, 2015, intended to provide the Commission the status of the activities of state legislation in the first year of the 2015–16 Legislative Session. As reported at the April 2015 Commission Meeting, the LAFCO staff have been monitoring several bills actively with CALAFCO.

Andrew Vanderlaan
Public Member

Lorie Zapf
Councilmember
City of San Diego

LAFCO staff report on six bills of concern and two other bills that had recently been introduced. Staff identified four more bills for taking positions on and LAFCO is proposing a position on each of the bills as indicated in the following:

Lorraine Wood
Councilmember
City of Carlsbad

AB 851 (Mayes R) Local government: organization: disincorporations.

Jo MacKenzie
Vista Irrigation District

As introduced, this bill addresses rewriting the long–outdated statutes relating to disincorporation. Although many other areas of CKH have been updated over the past 52 years, the areas pertaining to disincorporations remain in their original format as written in 1963. At least two cities in the state are considering bankruptcy and possible disincorporation proceedings.

Vacant
Special District

Alternate Members

A preliminary analysis reveals that the proposed disincorporation statutory changes use the incorporation provisions as a template to propose changes in the disincorporation process. In the case of a disincorporation or reorganization that includes a disincorporation, it would require the plan for services to include specific provisions, including, among others, an enumeration and description of the services currently provided by the city proposed for disincorporation and an outline of current retirement obligations, as specified, and a determination of what agency(s) would assume the responsibilities for provision of services, if disincorporation is approved. There is a working group of local government associations reviewing and providing input to CALAFCO on the bill for expected amendments as the bill moves forward.

Greg Cox
County Board of
Supervisors

Chris Cate
Councilmember
City of San Diego

Racquel Vasquez
Councilmember
City of Lemon Grove

Ed Sprague
Olivenhain Municipal
Water District

Harry Mathis
Public Member

Executive Officer

Michael D. Ott

Proposed San Diego LAFCO Position: Support and Send Letter

Legal Counsel

Michael G. Colantuono

SB 239 (Hertzberg D) Cities and districts: extended services. Current law requires the Executive Officer of a Local Agency Formation Commission, within 30 days of receipt of a request for approval by a city or district of a contract to extend services outside its jurisdictional boundary, to determine whether the request is complete and acceptable for filing, as specified. This bill would add requirements to have the applicant prepare a detailed plan of services for the proposed agreement and subject the process to a CEQA review. It would also require that labor groups representing the involved employees of the agencies concur with proposed agreement prior to it being considered by a commission. This would place a serious impediment into the review and approval process limiting the powers of commission not currently in the Government Code.

Proposed San Diego LAFCO Position: Oppose and Send Letter

AB 1532 (Committee on Local Government) Local government: omnibus bill. As, induced, this bill makes changes to the Cortese–Knox–Hertzberg Local Government Reorganization Act of 2000. This bill would update obsolete references to a “hospital” district and replace outdated references to the State Department of Health Services with references to the State Department of Public Health and the State Department of Health Care Services and makes other non–substantive language updates to keep the Act current with law.

Proposed San Diego LAFCO Position: Support and Send Letter

SB 272 (Hertzberg D) The California Public Records Act: local agencies: Catalog. This bill would require each local agency, (including LAFCO) to create a catalog of enterprise systems, as defined, to make the catalog publicly available upon request in the office of the clerk of the commission, and to post the catalog on commission’s Internet Web site. This is a change from the original language of the bill. This is an unfunded mandate with unknown costs to meet the intent of the bill..

Proposed San Diego LAFCO Position: Watch

LAFCO staff will continue to monitor possible legislative proposals for 2015 as the legislative session proceeds forward. Therefore, it is

RECOMMENDED: That your Commission,

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

Respectfully submitted,

MICHAEL D. OTT
Executive Officer

HARRY EHRLICH
Director, Legislative Research

MDO:HE:trl

Attachments

Legislative Tracking Report: April 13, 2015
Assembly Bills: AB 851; SB 239; AB 1532 and SB 272

**SAN DIEGO LAFCO
LEGISLATION TRACKING REPORT
APRIL 13, 2015**

SB 25 (Roth D): Local government finance: property tax revenue allocation: vehicle license fee adjustments.

Introduced: December 1, 2014

Status: Hearing, April 20, 2015 at Senate Appropriations Committee

Summary: This bill would modify specified reduction and transfer provisions for a city incorporating after January 1, 2004, and on or before January 1, 2012, for the 2014-2015 fiscal year and for each fiscal year thereafter, by providing for a vehicle license fee adjustment amount calculated on the basis of changes in assessed valuation. This bill contains other related provisions and other existing laws.

San Diego LAFCO Position: Support Letter sent March 12, 2015

CALAFCO Position: Support

Subject: Financial Viability of Agencies

San Diego LAFCO Analysis: This bill proposes to reinstitute the VLF funds to four cities that incorporated between 2004 and 2012 and lost funding in the FY 2012 due to a change by the budget ending the VLF funds to new cities or annexed inhabited areas to cities. No backfilling of lost revenues is proposed in this bill.

CALAFCO Comments: Identical to SB 69 (Roth) from 2014, 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 2014/15 year for cities that incorporated between January 1, 2004 and January 1, 2012.

AB 3 (Williams D): Isla Vista Community Services District.

Introduced: December 1, 2014

Status: Amended 3/26/2015

Summary: This bill would express the intent of the Legislature to clarify and establish the necessary authority for the creation of the Isla Vista Community Services District within the unincorporated area of Santa Barbara County, and would make legislative findings and declarations relating to that intent.

San Diego LAFCO position: Watch

CALAFCO Position: Oppose Unless Amended

Subject: LAFCo Administration, Special District Powers

San Diego LAFCO Analysis: This bill would establish the Isla Vista Community Services District in Santa Barbara County to provide various services. The Santa Barbara County LAFCO is working with the author on details of the issues and proposal.

CALAFCO Comments: As amended, this bill gives legislative authority for the creation of the Isla Vista Community Services District (CSD). This authority would completely bypass the LAFCO process in the creation of this special district. CALAFCO issued a letter of Oppose Unless Amended on April 4, 2015.

AB 168 (Maienschein R): Local government finance.

Introduced: January 22, 2015

Status: Awaiting Committee referral

Summary: Current law requires the county auditor, in the case in which a qualifying city becomes the successor agency to a special district as a result of a merger with that district as described in a specified statute, to additionally allocate to that successor qualifying city that amount of property tax revenue that otherwise would have been allocated to that special district pursuant to general allocation requirements. This bill would make nonsubstantive changes to the provision pertaining to property tax revenue allocations to a qualifying city that merges with a special district.

San Diego LAFCO Position: **Watch**

CALAFCO Position: **Monitor**

Subject: Tax Allocation

San Diego LAFCO Analysis: This is a spot bill for future consideration of legislation if needed.

AB 402 (Dodd D): Local agency services: contracts and out of area service extensions.

Introduced: February 19, 2015

Status: March 2, 2015-Referred to Com. on Gov. and Finance

Summary: Would allow a local agency formation commission to authorize a city or district to provide new or extended services outside its jurisdictional boundaries to support existing or planned uses involving public or private properties, subject to approval at a publicly noticed hearing where the commission makes specified determinations. The bill would also make technical and conforming changes.

Proposed San Diego LAFCO Position: **Watch**

CALAFCO Position: **Watch**

Subject: CKH General Procedures, LAFCO Administration, Service Reviews/Spheres

CALAFCO Comments: As written, this bill would expand LAFCo's existing authority to approve new and extended services beyond agencies' spheres of influence inclusive of public health and safety threats, only if LAFCo can make three findings at noticed public hearings. These findings involve determining the extension: (1) was evaluated in a municipal service review; (2) will not result in adverse impacts on open-space and agricultural lands or growth; and (3) a later change of organization is not expected or desired based on local policies. Further, the bill clarifies LAFCo's sole authority in determining the application of the statute, and deemphasizes the approval of contracts and emphasizes the approval of service extensions. This is not a CALAFCO sponsored bill.

AB 448 (Brown D): Local government finance: property tax revenue allocations: vehicle license fee adjustments.

Introduced: February 23, 2015

Status: Hearing April 15, 2015 at Committee on Local Government

Summary: Current property tax law requires the county auditor, in each fiscal year, to allocate property tax revenue to local jurisdictions in accordance with specified formulas and procedures, and generally provides that each jurisdiction shall be allocated an amount equal to the total of the amount of revenue allocated to that jurisdiction in the prior fiscal year, subject to certain modifications, and that jurisdiction's portion of the annual tax increment, as defined. This bill would modify these reduction and transfer provisions, for the 2015-16 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.

Proposed San Diego LAFCO CALAFCO Position: Watch

Subject: Financial Viability of Agencies, Tax Allocation

CALAFCO Comments: As introduced, this bill is identical to AB 1521 (Fox) from last year. This bill would reinstate the VLF payment (through ERAF) and changes the way that the growth in the VLF adjustment amount (property tax in lieu of VLF) is calculated starting in FY 2015-16 to include the growth of assessed valuation, including in an annexed area, from FY 2004-05 to FY 2015-16. Beginning in FY 2016-17, the VLF adjustment amount would be the jurisdiction's annual change in the assessed valuation. This would apply to newly annexed inhabited territories to cities.

AB 851 (Mayes R): Local government: organization: disincorporations.

Introduced: February 26, 2015

Status: Hearing April 22, 2015 at Assembly Committee on Local Government.

Summary: Would, in the case of a disincorporation or reorganization that includes a disincorporation, require the plan for services to include specific provisions, including, among others, an enumeration and description of the services currently provided by the city proposed for disincorporation and an outline of current retirement obligations, as specified. This bill contains other related provisions and other existing laws.

Proposed San Diego LAFCO Position: Support

CALAFCO Position: Sponsor

Subject: CKH General Procedures, Disincorporation/dissolution

San Diego LAFCO Analysis: Staff has completed a preliminary analysis of the proposed disincorporation statutory changes. The proposal uses the incorporation provisions as a template to propose changes in the disincorporation process. Several of the key proposals in the bill include: (1) Clarifies the expectation for assignment of responsibility for debt that will continue in existence after disincorporation; (2) Establishes the parameters and requirements for the submission of the Plan for Service for a disincorporation proposal which outlines existing services, the proponent's plan for the future of those services, and whether or not a bankruptcy proceeding has been undertaken; (3) Establishes the responsibilities of LAFCOs in preparing a Comprehensive Fiscal Analysis for disincorporations, the determination of the transfer of property tax revenues previously received by the proposed disincorporating City, and the determination of the transfer of debt to a successor agency or agencies. The bill retains LAFCOs existing authority to impose terms and conditions on a proposed disincorporation as well as the election requirements necessary for approval of disincorporation. There is a working group of local government groups discussing the proposed bill and providing comments to CALAFCO.

CALAFCO Comments: Sponsored by CALAFCO. As introduced, this bill addresses the long-outdated statutes relating to disincorporation. Although many other areas of CKH have been updated over the past 52 years, the areas pertaining to disincorporations remain in their original format as written in 1963.

AB 1532 (Committee on Local Government) Local government: omnibus bill.

Introduced: March 23, 2015

Status: April 6, 2015-Referred to Com. on L. GOV.

Summary: The Cortese-Knox-Hertzberg Local Government Reorganization Act of 2000, requires a local agency formation commission to notify specified state agencies having oversight or regulatory responsibility over, or a contractual relationship with, a local health care district when a proposal is made for any of specified changes of organization affecting that district. This bill would update obsolete references to a "hospital" district and replace outdated references to the State Department of Health

Services with references to the State Department of Public Health and the State Department of Health Care Services.

Proposed San Diego LAFCO Position: Support

CALAFCO Position: Sponsor

Subject: CKH General Procedures

CALAFCO Comments: This is the annual Omnibus bill for the Cortese-Knox-Hertzberg Reorganization Act of 2000. This bill makes nonsubstantive technical clean-up corrections to the Act.

SB 239 (Hertzberg D): Cities and districts: extended services.

Introduced: February 17, 2015

Amended: March 23, 2015

Status: April 9, 2015 - Cancelled Hearing at Committee on Gov. and Finance

Summary: Current law requires the executive officer of a local agency formation commission, within 30 days of receipt of a request for approval by a city or district of a contract to extend services outside its jurisdictional boundary, to determine whether the request is complete and acceptable for filing, as specified. This bill would extend the period within which the executive officer is required to make that determination to 45 days.

Proposed San Diego LAFCO Position: Oppose

CALAFCO Position: Oppose

Subject: CKH General Procedures, Municipal Services

San Diego LAFCO Analysis: This bill as amended would add requirements to the processing of proposals to a commission for contract agreements for Fire Services including prior concurrence by labor groups with terms of the contract. If a State agency, approval by the department head and Governor would be required. The sponsor of the bill is the professional Firefighters Association and they have not stated the final intent of the bill as of now.

CALAFCO Comments: According to the author's office, this bill is to correct prior issues whereby contracts for services have been approved that do not fully consider the needs of and impacts upon labor members and contract costs for participating agencies. Two meetings with the sponsors have not resulted in addressing concerns with the bill language.

AB 948 (Patterson R): Local government: community service districts.

Introduced: February 26, 2015

Amended: March 26, 2015

Status: Re-referred to Committee on Local Governance.

Summary: As amended, this bill would authorize a person to serve on the Board of Directors of the Sierra Cedars CSD if he or she holds title to land within the district.

Proposed San Diego LAFCO Position: Watch

CALAFCO Position: Watch

Subject: Special District Powers for Community Services Districts

San Diego LAFCO Analysis: This bill has been amended to address a specific issue of representation on the Board of Directors of the Sierra Cedars CSD in Northern California. We will watch the status of the bill.

CALAFCO Comments: As amended this bill proposes to change requirements for being qualified to be on the CSD Board of Directors. CALAFCO will watch the bill.

SB 184 (Committee on Governance and Finance): Local government: omnibus bill.

Introduced: February 9, 2015

Status: February 19, 2015-Referred to Com. on RLS.

Summary: The annual Senate Omnibus Bill makes non-policy type amendments or clarifications to the various government codes. Current law requires the legislative body of a local entity to annually file with the auditor a list of lots or parcels of land subject to specified fees or charges for water, sanitation, storm drainage, or sewerage system services and facilities and the amounts of the installments of the fees or charges to be entered against the affected lots or parcels of land. Current law requires the auditor to enter on the assessment roll the amounts of installments of these fees or charges. Current law defines the auditor, for the purposes of these provisions, as the financial officer of the local entity. This bill would clarify that the above-described provisions relating to the authority and duties of the auditor apply only to the county auditor. The bill would also make technical, nonsubstantive changes to these provisions.

Proposed San Diego LAFCO Position: Watch

CALAFCO Position: Watch

San Diego LAFCO Analysis: The Senate Omnibus Bill contains non-policy type amendments to the various government codes outside of the Cortese–Knox–Hertzberg Act. It is usually amended later in the legislative session to add other proposals being

reviewed by stakeholders; LAFCO staff will continue to monitor the bill until it is ready for hearing to make a recommendation on it.

CALAFCO Comments: This bill is the Senate Governance & Finance Committee's annual Omnibus Bill. This bill is intended to make technical, non-substantive changes to the Government Code outside of CKH.

SB 272 (Hertzberg D) The California Public Records Act: local agencies: Catalog

Introduced: February 19, 2015

Last Amended: April 6, 2015

Status: April 6, 2015-From committee with author's amendments. Read second time and amended. Re-referred to Com. on GOVERNANCE and FINANCE; **Hearing** April 15, 2015 at SENATE GOVERNANCE AND FINANCE

Summary: Would require each local agency, in implementing the California Public Records Act, to create a catalog of enterprise systems, as defined, to make the catalog publicly available upon request in the office of the clerk of the agency's legislative body, and to post the catalog on the local agency's Internet Web site, if there is one. The bill would require the catalog to disclose a list of the enterprise systems utilized by the agency, and, among other things, the current system vendor and product. Because the bill would require local agencies to perform additional duties, it would impose a state-mandated local program. This bill contains other related provisions and other existing laws.

San Diego LAFCO Proposed Position: Watch

CALAFCO Position: Watch

Subject: LAFCo Administration, Public Records Act

CALAFCO Comments: As written, this bill requires all local agencies (including LAFCo) to create a catalog of enterprise systems, as defined, to make the catalog publicly available upon request in the office of the clerk of the commission, and to post the catalog on commission's Internet Web site. This is an unfunded mandate with unknown costs to meet the intent of the bill.

BILL NUMBER: AB 851 INTRODUCED
BILL TEXT

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INTRODUCED BY Assembly Member Mayes

FEBRUARY 26, 2015

An act to amend Sections 56658, 56885.5, and 57405 of, to add Sections 56653.1, 56770, 56804, 56813, 56814, 56815, and 57426 to, and to repeal Sections 57401, 57402, 57404, 57409, 57410, 57416, 57417, 57423, and 57424 of, the Government Code, and to amend Section 99 of the Revenue and Taxation Code, relating to local government.

LEGISLATIVE COUNSEL'S DIGEST

AB 851, as introduced, Mayes. Local government: organization: disincorporations.

(1) 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, in the case of a disincorporation or reorganization that includes a disincorporation, require the plan for services to include specific provisions, including, among others, an enumeration and description of the services currently provided by the city proposed for disincorporation and an outline of current retirement obligations, as specified.

(2) The act requires a petitioner or legislative body desiring to initiate proceedings to submit an application to the executive officer of the local agency formation commission, and requires the local agency formation commission, with regard to an application that includes an incorporation, to immediately notify all affected local agencies and any applicable state agency, as specified.

This bill would extend that requirement to an application that includes a disincorporation.

(3) Existing law prohibits the commission from approving or conditionally approving a proposal for an incorporation unless the commission finds, among other things, that the proposal is consistent with the intent of the act, the incorporation is consistent with the spheres of influence of affected local agencies, and the proposed city is expected to receive revenues sufficient to provide public services and facilities and a reasonable reserve during the three fiscal years following incorporation.

This bill would additionally prohibit the commission from approving or conditionally approving a proposal that includes a disincorporation unless the commission finds, among other things, that the disincorporation is consistent with the intent of the act, the disincorporation will address necessary changes to spheres of influence of affected agencies, and the service responsibilities of the city proposed for disincorporation have been assigned, as specified.

(4) Existing law requires the executive officer of the commission

to prepare a comprehensive fiscal analysis for any proposal that includes an incorporation, as specified.

This bill would additionally require the executive officer to prepare a comprehensive fiscal analysis for any proposal that includes a disincorporation, as specified.

(5) Existing law requires the commission to determine the amount of property tax revenue to be exchanged by the affected local agency for a proposal that includes the incorporation of a city, and sets forth the procedures to be followed in making that determination.

This bill would additionally require the commission to determine the amount of property tax revenue to be exchanged by the affected city and any successor agency or affected local agency for a proposal that includes a disincorporation of a city, and would set forth the procedures to be followed in making that determination.

The bill would additionally require the commission to determine, where the proposal includes the disincorporation of a city with the assignment of property tax revenues to a successor agency, the increase of the appropriations limit for the successor agency or agencies, if the successor agency or agencies are existing entities, or the appropriations limit for a new special district, as specified.

The bill would state the intent of the Legislature that a proposal that includes a disincorporation of a city result in a determination that the debt or contractual obligations and responsibilities of the city being disincorporated be the responsibility of the same territory for repayment. The bill would require, prior to issuance of a certificate for filing for a proposal that includes a disincorporation, specified information relating to the debts and contractual obligations of the city being disincorporated.

(6) Existing law authorizes the commission, in approving a disincorporation of a city, the dissolution of a district, or the reorganization or consolidation of agencies that result in the dissolution of one or more districts or disincorporation of one or more cities, to make the approval conditional upon the agency being dissolved not approving any increase in compensation or benefits for specified officers of the agency, or appropriating, encumbering, expending, or otherwise obligating any revenue of the agency beyond that provided in the current budget at the time the dissolution is approved by the commission, unless it first finds that an emergency exists.

This bill would modify this provision to authorize the commission to make the approval conditional upon a condition prohibiting the district that is being dissolved or the city that is being disincorporated from approving any increase in compensation or benefits for specified officers of the agency, or appropriating, encumbering, expending, or otherwise obligating any revenue of the agency beyond that provided in the current budget at the time the dissolution is approved by the commission, unless it first finds that an emergency exists.

The act also authorizes the commission to require a single question appearing on the ballot upon issues of annexation and reorganization in any election at which the questions of annexation and district reorganization or incorporation and district reorganization are to be considered at the same time.

This bill would additionally apply these provisions to a disincorporation and district reorganization.

(7) Existing law requires every public officer of a city being disincorporated, prior to the effective date of the disincorporation, to turn the public property in his or her possession over to the board of supervisors.

This bill would repeal this provision.

(8) The act requires the commission, after ascertaining that the disincorporation has carried, to determine and certify in a written statement to the board of supervisors the indebtedness of the city, the amount of money in its treasury, and the amount of any tax levy or other obligation due the city that is unpaid or has not been collected.

This bill would repeal this provision.

(9) Existing law requires the board of supervisors to make specified determinations if the commission does not provide the board with a statement of those determinations.

This bill would repeal this provision.

(10) Existing law requires the tax collector to collect any tax that has been levied by a disincorporated city that remains uncollected when due and pay it into the county treasury.

This bill would provide that the tax collected and paid into the county treasury is on behalf of the designated successor agency or county to wind up affairs of the disincorporated city.

(11) Existing law requires the board of supervisors of a county to cause taxes to be levied and collected from within the territory formerly included within a disincorporated city, if there is not sufficient money in the treasury of a disincorporated city to the credit of the special fund to pay any city indebtedness as it becomes due. Existing law provides that any taxes levied pursuant to this provision are to be assessed, levied, and collected in the same manner and at the same time as other county taxes, and are additional taxes upon the property included within the territory of the disincorporated city.

This bill would repeal these provisions.

(12) Existing law requires the board of supervisors to levy a special tax upon all property within the disincorporated city if the revenues from specified public utilities are not sufficient for the administration, conduct, or improvement of the public utility. Existing law requires all sums collected to be placed in a separate fund in the county treasury for the administration, conduct, and improvement of the public utility for which the tax is levied.

This bill would repeal these provisions.

(13) Existing law requires the board of supervisors to annually, at the time other county taxes are levied and collected, to levy and collect a special tax on the remainder of the territory of a disincorporated city sufficient to pay the balance of the debt, and pay that sum to the city treasurer. Existing law requires the city treasurer to pay the bonded indebtedness as it becomes due with the proceeds of those taxes.

This bill would repeal these provisions.

(14) Existing law provides that on and after the effective date of a disincorporation, the territory of the disincorporated city, all inhabitants within the territory, and all persons formerly entitled to vote by reason of residing within the territory cease to be subject to the jurisdiction of the disincorporated city and have none of the rights or duties of inhabitants or voters of a city.

This bill would additionally provide that as of the effective date of a disincorporation, the general plan of the disincorporated city that was in effect immediately prior to the effective date of the disincorporation constitutes the community plan of the county for the territory of the disincorporated city, the zoning ordinances of the disincorporation that were in effect immediately prior to the effective date of the disincorporation constitute the zoning ordinances of the county for that territory, and any conditional use permit or legal nonconforming use that was in

place immediately prior to the effective date of the disincorporation remains in force pursuant to the community plan and zoning ordinances. The bill would provide that any use of land that was authorized under the general plan and zoning ordinances immediately prior to the effective date of the disincorporation continues to be authorized, consistent with the requirements of that community plan and those zoning ordinances, for at least 10 years following the effective date of the disincorporation, as specified. The bill would additionally require the board of supervisors of the affected county to, within 90 days of the effective date of the disincorporation, adopt an expedited permit process relating to business, development, and health and safety permits for the territory of the disincorporated city, as specified.

(15) Existing law requires a county auditor to adjust the allocation of property tax revenues for local agencies whose service area or service responsibility may be altered by specified jurisdictional changes.

This bill would include a city disincorporation and dissolved district in those jurisdictional changes. By increasing the duties of the county auditor, this bill would impose a state-mandated local program.

(16) 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, if the Commission on State Mandates determines that the bill contains costs mandated by the state, reimbursement for those costs shall be made pursuant to these statutory provisions.

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

THE PEOPLE OF THE STATE OF CALIFORNIA DO ENACT AS FOLLOWS:

SECTION 1. Section 56653.1 is added to the Government Code, to read:

56653.1. In the case of a disincorporation or reorganization that includes a disincorporation, the plan for services required by subdivision (a) of Section 56653 shall include the following:

(a) An enumeration and description of the services currently provided by the city proposed for disincorporation and an identification of the entity or entities proposed to assume responsibility for the services following completion of disincorporation.

(b) An enumeration and description of each service proposed to be discontinued, the current financing of the service or services, and any method of financing proposed by the successor agency or agencies.

(c) A delineation of any existing financing of services currently provided to include, but not be limited to, bonds, assessments, community facility district governance, general taxes, special taxes, other charges, and joint powers authorities or agreements.

(d) An indication of any current bankruptcy proceeding, including, but not limited to, status and exit plan.

(e) An indication of any current order by any agency, department, office, or other division of the state, including but not limited to, a cease and desist order or water prohibition order.

(f) An outline of current retirement obligations, actuarially determined unfunded liability, and any documentation related to

termination of public retirement contract provisions.

(g) A written acknowledgment from each affected local agency proposed to assume services from the city proposed for disincorporation.

(h) Any other information that the executive officer may deem necessary to fully consider the disincorporation proposal.

SEC. 2. Section 56658 of the Government Code is amended to read:

56658. (a) Any petitioner or legislative body desiring to initiate proceedings shall submit an application to the executive officer of the principal county.

(b) (1) Immediately after receiving an application and before issuing a certificate of filing, the executive officer shall give mailed notice that the application has been received to each affected agency, the county committee on school district organization, and each school superintendent whose school district overlies the affected territory. The notice shall generally describe the proposal and the affected territory. The executive officer shall not be required to give notice pursuant to this subdivision if a local agency has already given notice pursuant to subdivision (c) of Section 56654.

(2) It is the intent of the Legislature that ~~an~~ a proposal for incorporation ~~proposal~~ or disincorporation shall be processed in a timely manner. With regard to an application that includes an incorporation or disincorporation, the executive officer shall immediately notify all affected local agencies and any applicable state agencies by mail and request the affected agencies to submit the required data to the commission within a reasonable timeframe established by the executive officer. Each affected agency shall respond to the executive officer within 15 days acknowledging receipt of the request. Each affected local agency and the officers and departments thereof shall submit the required data to the executive officer within the timelines established by the executive officer. Each affected state agency and the officers and departments thereof shall submit the required data to the executive officer within the timelines agreed upon by the executive officer and the affected state departments.

(3) If a special district is, or as a result of a proposal will be, located in more than one county, the executive officer of the principal county shall immediately give the executive officer of each other affected county mailed notice that the application has been received. The notice shall generally describe the proposal and the affected territory.

(c) Except when a commission is the lead agency pursuant to Section 21067 of the Public Resources Code, the executive officer shall determine within 30 days of receiving an application whether the application is complete and acceptable for filing or whether the application is incomplete.

(d) The executive officer shall not accept an application for filing and issue a certificate of filing for at least 20 days after giving the mailed notice required by subdivision (b). The executive officer shall not be required to comply with this subdivision in the case of an application which meets the requirements of Section 56662 or in the case of an application for which a local agency has already given notice pursuant to subdivision (c) of Section 56654.

(e) If the appropriate fees have been paid, an application shall be deemed accepted for filing if no determination has been made by the executive officer within the 30-day period. An executive officer shall accept for filing, and file, any application submitted in the form prescribed by the commission and containing all of the

information and data required pursuant to Section 56652.

(f) When an application is accepted for filing, the executive officer shall immediately issue a certificate of filing to the applicant. A certificate of filing shall be in the form prescribed by the executive officer and shall specify the date upon which the proposal shall be heard by the commission. From the date of issuance of a certificate of filing, or the date upon which an application is deemed to have been accepted, whichever is earlier, an application shall be deemed filed pursuant to this division.

(g) If an application is determined not to be complete, the executive officer shall immediately transmit that determination to the applicant specifying those parts of the application which are incomplete and the manner in which they can be made complete.

(h) Following the issuance of the certificate of filing, the executive officer shall proceed to set the proposal for hearing and give published notice thereof as provided in this part. The date of the hearing shall be not more than 90 days after issuance of the certificate of filing or after the application is deemed to have been accepted, whichever is earlier. Notwithstanding Section 56106, the date for conducting the hearing, as determined pursuant to this subdivision, is mandatory.

SEC. 3. Section 56770 is added to the Government Code, to read:

56770. The commission shall not approve or conditionally approve any proposal that includes a disincorporation, unless, based on the entire record, the commission makes all of the following determinations:

(a) The proposed disincorporation is consistent with the intent of this division, including, but not limited to, the policies of Sections 56001, 56300, 56301, and 56377 to provide for a sustainable system for the delivery of services.

(b) The proposal has reviewed the municipal service reviews and spheres of influence of the affected local agencies, and the disincorporation will address the necessary changes to those spheres of influence.

(c) It has reviewed the comprehensive fiscal analysis prepared pursuant to Section 56804.

(d) It has reviewed the executive officer's report and recommendation prepared pursuant to Section 56665, and the oral or written testimony presented at its public hearing.

(e) The service responsibilities of the city proposed for disincorporation have been assigned through terms and conditions authorized by Sections 56885.5, 56886, and 57300, and Chapter 5 (commencing with Section 57400) of Part 5.

SEC. 4. Section 56804 is added to the Government Code, to read:

56804. For any proposal that includes a disincorporation, the executive officer shall prepare, or cause to be prepared by contract, a comprehensive fiscal analysis. This analysis shall become part of the report required pursuant to Section 56665. Data used for the analysis shall be from the most recent fiscal year for which data is available, preceding the issuances of the certificate of filing. When data requested by the executive officer in the notice to affected agencies, pursuant to paragraph (2) of subdivision (b) of Section 56658, is unavailable, the analysis shall document the source and methodology of the data used. The analysis shall review and document each of the following:

(a) The direct and indirect costs incurred by the city proposed for disincorporation for providing public services and facilities during the three fiscal years immediately preceding the submittal of the proposal for disincorporation.

(b) The ability of the entities proposed to assume the obligations

of the city being disincorporated and the related costs, including all actual direct and indirect costs, in provision of existing services.

(c) When determining costs, the executive officer shall also include all direct and indirect costs of any public services that are proposed to be transferred to state agencies for delivery.

(d) The revenues of the city being disincorporated during the three fiscal years immediately preceding the initiation of the disincorporation proposal.

(e) Any other information and analysis needed to make the findings required by Section 56770.

SEC. 5. Section 56813 is added to the Government Code, to read:

56813. (a) If the proposal includes the disincorporation of a city, as defined in Section 56034, the commission shall determine the amount of property tax revenue to be exchanged by the affected city and any successor agency or affected local agency pursuant to this section.

(b) The commission shall notify the county auditor of the proposal, the affected local agencies to be extinguished, and the services proposed to be transferred to new jurisdictions, and identify for the auditor the changes to occur.

(c) If the proposal would not transfer all of the service responsibilities of the disincorporating city to the affected county or to a single affected agency, the commission and the county auditor shall do all of the following:

(1) The county auditor shall determine the proportion that the amount of property tax revenue derived by the city being disincorporated pursuant to subdivision (b) of Section 93 of the Revenue and Taxation Code bears to the total amount of revenue from all sources, available for general purposes, received by the city being disincorporated in the prior fiscal year and provide their response in compliance with paragraph (2) of subdivision (b) of Section 56658. For purposes of making this determination and the determination required by paragraph (3), "total amount of revenue from all sources available for general purposes" means the total amount of revenue which the city being disincorporating may use on a discretionary basis for any purpose and does not include any of the following:

(A) Revenue that, by statute, is required to be used for a specific purpose.

(B) Revenue from fees, charges, or assessments that are levied to specifically offset the cost of particular services and that do not exceed the cost reasonably borne in providing these services.

(C) Revenue received from the federal government that is required to be used for a specific purpose.

(2) The commission shall determine, based on information submitted by the city being disincorporated, an amount equal to the total net cost to that city during the prior fiscal year of providing those services that an affected agency will assume within the area subject to the proposal. For purposes of this paragraph, "total net cost" means the total direct and indirect costs that were funded by general purpose revenues of the city being disincorporated and excludes any portion of the total cost that was funded by any revenues of that agency that are specified in subparagraphs (A), (B), and (C) of paragraph (1).

(3) For the services to be transferred to each affected local agency, the commission shall multiply the amount determined pursuant to paragraph (2) by the proportion determined pursuant to paragraph (1) to derive the amount of property tax revenue used to provide services by the city being disincorporated during the prior fiscal

year within the area subject to the proposal. The county auditor shall adjust the amount so determined by the annual tax increment pursuant to the procedures set forth in Chapter 6 (commencing with Section 95) of Part 0.5 of Division 1 of the Revenue and Taxation Code, to the fiscal year in which the affected agency receives its next allocation of property taxes.

(d) If the proposal for disincorporation would transfer all of the service responsibilities of the city proposed for disincorporation, other than those that are proposed to be discontinued, to a single successor agency, the commission shall request the auditor to determine the property tax revenue allocated to the city being disincorporated by tax rate area, or portion thereof, and transmit that information to the commission.

(e) The executive officer shall notify the auditor of the amount determined pursuant to subdivision (c) or (d), as the case may be, and, where applicable, the period of time within which and the procedure by which the transfer of property tax revenues will be effected pursuant to this section, at the time the executive officer records a certificate of completion pursuant to Section 57203 for any proposal described in subdivision (a), and the auditor shall transfer that amount to the affected agency or agencies that will assume the services as determined by the commission. Any property tax not transferred to an affected agency pursuant to subdivision (c) shall be transferred to the affected county.

(f) For purposes of this section, "prior fiscal year" means the most recent fiscal year preceding the issuance of the certificate of filing for which data is available on actual direct and indirect costs and revenues needed to perform the calculations required by this section.

(g) Any action brought by a city or district to contest any of the determinations of the county auditor or the commission with regard to the amount of property tax revenue to be exchanged by the affected local agencies pursuant to this section shall be commenced within three years of the effective date of the disincorporation.

SEC. 6. Section 56814 is added to the Government Code, to read:

56814. If the proposal includes the disincorporation of a city, as defined in Section 56034, with the assignment of property tax revenues to a successor agency the commission shall make the following determinations, as appropriate:

(a) The increase of the appropriations limit for the successor agency, or agencies, if the successor agency or agencies is an existing entity.

(b) The appropriations limit for a new special district through a formation process as defined by Section 56810.

SEC. 7. Section 56815 is added to the Government Code, to read:

56815. (a) It is the intent of the Legislature that any proposal that includes the disincorporation of a city result in a determination that the debt or contractual obligations and responsibilities of the city being disincorporated shall be the responsibility of that same territory for repayment. To ascertain this information, the following shall be provided to the commission prior to the issuance of a certificate of filing for a disincorporation proposal, pursuant to Sections 56651 and 56658:

(1) The city shall provide a written statement that determines and certifies all of the following:

(A) The indebtedness of the city.

(B) The amount of money in the city's treasury.

(C) The amount of any tax levy or other obligation due the city that is unpaid or has not been collected.

(D) The amount of unfunded pension liability of all classes in a

public retirement system, and the liability for other postemployment benefits.

(2) The county treasurer shall identify all taxes levied and uncollected.

(3) A written statement of all redevelopment successor agency designations and current balances and obligations.

(b) The commission shall not approve a proposal that includes a disincorporation unless it makes the determinations required by Section 56770.

SEC. 8. Section 56885.5 of the Government Code is amended to read:

56885.5. (a) In any commission order giving approval to any change of organization or reorganization, the commission may make that approval conditional upon any of the following factors:

(1) Any of the conditions set forth in Section 56886.

(2) The initiation, conduct, or completion of proceedings for another change of organization or a reorganization.

(3) The approval or disapproval, with or without election, as may be provided by this division, of any resolution or ordinance ordering that change of organization or reorganization.

(4) With respect to any commission determination to approve the disincorporation of a city, the dissolution of a district, or the reorganization or consolidation of agencies ~~which~~

~~that results in the dissolution of one or more districts or the disincorporation of one or more cities, a condition~~

~~prohibiting an agency that prohibits a district that~~ is being dissolved from taking any of the following actions, unless it first finds that an emergency situation exists as defined in Section 54956.5, *or if the governing body of the successor agency or agencies, as designated by the commission, approves :*

(A) Approving any increase in compensation or benefits for members of the governing board, its officers, or the executive officer of the agency.

(B) Appropriating, encumbering, expending, or otherwise obligating, any revenue of the agency beyond that provided in the current budget at the time the *commission approves the* ~~dissolution is approved by the commission.~~ *or disincorporation.*

(b) If the commission so conditions its approval, the commission may order that any further action pursuant to this division be continued and held in abeyance for the period of time designated by the commission, not to exceed six months from the date of that conditional approval.

(c) The commission order may also provide that any election called upon any change of organization or reorganization shall be called, held, and conducted before, upon the same date as, or after the date of any election to be called, held, and conducted upon any other change of organization or reorganization.

(d) The commission order may also provide that in any election at which the questions of annexation and district reorganization ~~or~~ *or, incorporation and district reorganization, or disincorporation and district reorganization* are to be considered at the same time, there shall be a single question appearing on the ballot upon the issues of annexation and district reorganization or incorporation and district reorganization.

SEC. 9. Section 57401 of the Government Code is repealed.

~~57401. Prior to the effective date of the disincorporation, every~~

~~public officer of the city shall turn over to the board of supervisors the public property in his or her possession.~~

SEC. 10. Section 57402 of the Government Code is repealed.

~~57402. After ascertaining that disincorporation has carried, the commission shall determine and certify in a written statement to the board of supervisors the indebtedness of the city, the amount of money in its treasury, and the amount of any tax levy or other obligation due the city which is unpaid or has not been collected.~~

SEC. 11. Section 57404 of the Government Code is repealed.

~~57404. If the commission does not provide the board of supervisors with the certified statement required by Section 57402, the board shall make the determinations provided for in that section.~~

SEC. 12. Section 57405 of the Government Code is amended to read:

57405. If a tax has been levied by the disincorporated city and remains uncollected, the county tax collector shall collect it when due and pay it into the county treasury *on behalf of the designated successor agency or county to wind up the affairs of the disincorporated city* .

SEC. 13. Section 57409 of the Government Code is repealed.

~~57409. If there is not sufficient money in the treasury to the credit of the special fund to pay any city indebtedness, the board of supervisors shall cause to be levied, and there shall be collected from the territory formerly included within the city, taxes sufficient to pay the indebtedness as it becomes due.~~

SEC. 14. Section 57410 of the Government Code is repealed.

~~57410. Any taxes levied pursuant to Section 57409 shall be assessed, levied, and collected in the same manner and at the same time as other county taxes, and are additional taxes upon the property included within the territory of the disincorporated city.~~

SEC. 15. Section 57416 of the Government Code is repealed.

~~57416. If the revenues from any public utility referred to in Section 57415 are not sufficient for its administration, conduct, or improvement, the board of supervisors shall levy a special tax upon all property within the disincorporated city. The special tax shall be levied upon the assessed value of the property as shown by the equalized assessment roll in effect on the first day of March of that year, and collected in the same manner and form of other county taxes.~~

SEC. 16. Section 57417 of the Government Code is repealed.

~~57417. All sums collected shall be placed in a separate fund in the county treasury for the administration, conduct, and improvement of the public utility for which the tax is levied.~~

SEC. 17. Section 57423 of the Government Code is repealed.

~~57423. Annually, at the time other county taxes are levied and collected, the board of supervisors shall levy and collect a special tax on the remainder of the territory sufficient to pay the balance of the debt, and pay this sum to the city treasurer.~~

SEC. 18. Section 57424 of the Government Code is repealed.

~~57424. With the proceeds of those taxes, the city treasurer shall~~

~~pay the bonded indebtedness as it becomes due.~~

SEC. 19. Section 57426 is added to the Government Code, to read:

57426. (a) As of the effective date of the disincorporation, all of the following apply:

(1) The general plan of the disincorporated city that was in effect immediately prior to the effective date of the disincorporation shall constitute the community plan of the county for the territory of the disincorporated city.

(2) The zoning ordinances of the disincorporated city that were in effect immediately prior to the effective date of the disincorporation shall constitute the zoning ordinances of the county for that territory.

(3) Any conditional use permit or legal nonconforming use that was in place immediately prior to the effective date of the disincorporation shall remain in force pursuant to the community plan and zoning ordinances.

(4) Any use of land that was authorized under the general plan and zoning ordinances immediately prior to the effective date of the disincorporation shall continue to be authorized, consistent with the requirements of that community plan and those zoning ordinances, for at least 10 years following the effective date of the disincorporation, any longer period required by the California Constitution or United States Constitution, or any longer period to the extent permitted by the general plan and zoning ordinances of the county applicable to that territory following that 10-year period.

(b) The board of supervisors of the affected county shall, within 90 days of the effective date of disincorporation, adopt an expedited permit process relating to business, development, and health and safety permits for the territory of the disincorporated city that is comparable to the permit process that existing in that city immediately preceding disincorporation.

SEC. 20. Section 99 of the Revenue and Taxation Code is amended to read:

99. (a) For the purposes of the computations required by this chapter:

(1) In the case of a jurisdictional change, other than a city incorporation , *city disincorporation*, or a formation of a district as defined in Section 2215, the auditor shall adjust the allocation of property tax revenue determined pursuant to Section 96 or 96.1, or the annual tax increment determined pursuant to Section 96.5, for local agencies whose service area or service responsibility would be altered by the jurisdictional change, as determined pursuant to subdivision (b) or (c).

(2) In the case of a city incorporation *or disincorporation* , the auditor shall assign the allocation of property tax revenues determined pursuant to Section 56810 of the Government Code and the adjustments in tax revenues that may occur pursuant to Section 56815 of the Government Code to the newly formed city or district and shall make the adjustment as determined by Section 56810 in the allocation of property tax revenue determined pursuant to Section 96 or 96.1 for each local agency whose service area or service responsibilities would be altered by the incorporation.

(3) In the case of a formation of a district as defined in Section 2215, the auditor shall assign the allocation of property tax revenues determined pursuant to Section 56810 of the Government Code to the district and shall make the adjustment as determined by Section 56810 , *or for the disincorporated city or dissolved district as determined by Section 56813*, in the allocation of property tax revenue determined pursuant to Section 96 or 96.1 for each local agency whose service area or service

responsibilities would be altered by the ~~formation~~
change of organization.

(b) Upon the filing of an application or a resolution pursuant to the Cortese-Knox-Hertzberg Local Government Reorganization Act of 2000 (Division 3 (commencing with Section 56000) of Title 5 of the Government Code), but prior to the issuance of a certificate of filing, the executive officer shall give notice of the filing to the assessor and auditor of each county within which the territory subject to the jurisdictional change is located. This notice shall specify each local agency whose service area or responsibility will be altered by the jurisdictional change.

(1) (A) The county assessor shall provide to the county auditor, within 30 days of the notice of filing, a report which identifies the assessed valuations for the territory subject to the jurisdictional change and the tax rate area or areas in which the territory exists.

(B) The auditor shall estimate the amount of property tax revenue generated within the territory that is the subject of the jurisdictional change during the current fiscal year.

(2) The auditor shall estimate what proportion of the property tax revenue determined pursuant to paragraph (1) is attributable to each local agency pursuant to Sections 96.1 and 96.5.

(3) Within 45 days of notice of the filing of an application or resolution, the auditor shall notify the governing body of each local agency whose service area or service responsibility will be altered by the jurisdictional change of the amount of, and allocation factors with respect to, property tax revenue estimated pursuant to paragraph (2) that is subject to a negotiated exchange.

(4) Upon receipt of the estimates pursuant to paragraph (3), the local agencies shall commence negotiations to determine the amount of property tax revenues to be exchanged between and among the local agencies. Except as otherwise provided, this negotiation period shall not exceed 60 days. If a local agency involved in these negotiations notifies the other local agencies, the county auditor, and the local agency formation commission in writing of its desire to extend the negotiating period, the negotiating period shall be 90 days.

The exchange may be limited to an exchange of property tax revenues from the annual tax increment generated in the area subject to the jurisdictional change and attributable to the local agencies whose service area or service responsibilities will be altered by the proposed jurisdictional change. The final exchange resolution shall specify how the annual tax increment shall be allocated in future years.

(5) In the event that a jurisdictional change would affect the service area or service responsibility of one or more special districts, the board of supervisors of the county or counties in which the districts are located shall, on behalf of the district or districts, negotiate any exchange of property tax revenues. Prior to entering into negotiation on behalf of a district for the exchange of property tax revenue, the board shall consult with the affected district. The consultation shall include, at a minimum, notification to each member and executive officer of the district board of the pending consultation and provision of adequate opportunity to comment on the negotiation.

(6) Notwithstanding any other provision of law, the executive officer shall not issue a certificate of filing pursuant to Section 56658 of the Government Code until the local agencies included in the property tax revenue exchange negotiation, within the negotiation period, present resolutions adopted by each such county and city whereby each county and city agrees to accept the exchange of

property tax revenues.

(7) In the event that the commission modifies the proposal or its resolution of determination, any local agency whose service area or service responsibility would be altered by the proposed jurisdictional change may request, and the executive officer shall grant, 30 days for the affected agencies, pursuant to paragraph (4), to renegotiate an exchange of property tax revenues. Notwithstanding the time period specified in paragraph (4), if the resolutions required pursuant to paragraph (6) are not presented to the executive officer within the 30-day period, all proceedings of the jurisdictional change shall automatically be terminated.

(8) In the case of a jurisdictional change that consists of a city's qualified annexation of unincorporated territory, an exchange of property tax revenues between the city and the county shall be determined in accordance with subdivision (e) if that exchange of revenues is not otherwise determined pursuant to either of the following:

(A) Negotiations completed within the applicable period or periods as prescribed by this subdivision.

(B) A master property tax exchange agreement among those local agencies, as described in subdivision (d).

For purposes of this paragraph, a qualified annexation of unincorporated territory means an annexation, as so described, for which an application or a resolution was filed on or after January 1, 1998, and on or before January 1, 2015.

(9) No later than the date on which the certificate of completion of the jurisdictional change is recorded with the county recorder, the executive officer shall notify the auditor or auditors of the exchange of property tax revenues and the auditor or auditors shall make the appropriate adjustments as provided in subdivision (a).

(c) Whenever a jurisdictional change is not required to be reviewed and approved by a local agency formation commission, the local agencies whose service area or service responsibilities would be altered by the proposed change, shall give notice to the State Board of Equalization and the assessor and auditor of each county within which the territory subject to the jurisdictional change is located. This notice shall specify each local agency whose service area or responsibility will be altered by the jurisdictional change and request the auditor and assessor to make the determinations required pursuant to paragraphs (1) and (2) of subdivision (b). Upon notification by the auditor of the amount of, and allocation factors with respect to, property tax subject to exchange, the local agencies, pursuant to the provisions of paragraphs (4) and (6) of subdivision (b), shall determine the amount of property tax revenues to be exchanged between and among the local agencies. Notwithstanding any other provision of law, no such jurisdictional change shall become effective until each county and city included in these negotiations agrees, by resolution, to accept the negotiated exchange of property tax revenues. The exchange may be limited to an exchange of property tax revenue from the annual tax increment generated in the area subject to the jurisdictional change and attributable to the local agencies whose service area or service responsibilities will be altered by the proposed jurisdictional change. The final exchange resolution shall specify how the annual tax increment shall be allocated in future years. Upon the adoption of the resolutions required pursuant to this section, the adopting agencies shall notify the auditor who shall make the appropriate adjustments as provided in subdivision (a). Adjustments in property tax allocations made as the result of a city or library district withdrawing from a county free library system pursuant to Section 19116 of the Education Code

shall be made pursuant to Section 19116 of the Education Code, and this subdivision shall not apply.

(d) With respect to adjustments in the allocation of property taxes pursuant to this section, a county and any local agency or agencies within the county may develop and adopt a master property tax transfer agreement. The agreement may be revised from time to time by the parties subject to the agreement.

(e) (1) An exchange of property tax revenues that is required by paragraph (8) of subdivision (b) to be determined pursuant to this subdivision shall be determined in accordance with all of the following:

(A) The city and the county shall mutually select a third-party consultant to perform a comprehensive, independent fiscal analysis, funded in equal portions by the city and the county, that specifies estimates of all tax revenues that will be derived from the annexed territory and the costs of city and county services with respect to the annexed territory. The analysis shall be completed within a period not to exceed 30 days, and shall be based upon the general plan or adopted plans and policies of the annexing city and the intended uses for the annexed territory. If, upon the completion of the analysis period, no exchange of property tax revenues is agreed upon by the city and the county, subparagraph (B) shall apply.

(B) The city and the county shall mutually select a mediator, funded in equal portions by those agencies, to perform mediation for a period not to exceed 30 days. If, upon the completion of the mediation period, no exchange of property tax revenues is agreed upon by the city and the county, subparagraph (C) shall apply.

(C) The city and the county shall mutually select an arbitrator, funded in equal portions by those agencies, to conduct an advisory arbitration with the city and the county for a period not to exceed 30 days. At the conclusion of this arbitration period, the city and the county shall each present to the arbitrator its last and best offer with respect to the exchange of property tax revenues. The arbitrator shall select one of the offers and recommend that offer to the governing bodies of the city and the county. If the governing body of the city or the county rejects the recommended offer, it shall do so during a public hearing, and shall, at the conclusion of that hearing, make written findings of fact as to why the recommended offer was not accepted.

(2) Proceedings under this subdivision shall be concluded no more than 150 days after the auditor provides the notification pursuant to paragraph (3) of subdivision (b), unless one of the periods specified in this subdivision is extended by the mutual agreement of the city and the county. Notwithstanding any other provision of law, except for those conditions that are necessary to implement an exchange of property tax revenues determined pursuant to this subdivision, the local agency formation commission shall not impose any fiscal conditions upon a city's qualified annexation of unincorporated territory that is subject to this subdivision.

(f) Except as otherwise provided in subdivision (g), for the purpose of determining the amount of property tax to be allocated in the 1979-80 fiscal year and each fiscal year thereafter for those local agencies that were affected by a jurisdictional change which was filed with the State Board of Equalization after January 1, 1978, but on or before January 1, 1979. The local agencies shall determine by resolution the amount of property tax revenues to be exchanged between and among the affected agencies and notify the auditor of the determination.

(g) For the purpose of determining the amount of property tax to be allocated in the 1979-80 fiscal year and each fiscal year

thereafter, for a city incorporation that was filed pursuant to Sections 54900 to 54904 after January 1, 1978, but on or before January 1, 1979, the amount of property tax revenue considered to have been received by the jurisdiction for the 1978-79 fiscal year shall be equal to two-thirds of the amount of property tax revenue projected in the final local agency formation commission staff report pertaining to the incorporation multiplied by the proportion that the total amount of property tax revenue received by all jurisdictions within the county for the 1978-79 fiscal year bears to the total amount of property tax revenue received by all jurisdictions within the county for the 1977-78 fiscal year. Except, however, in the event that the final commission report did not specify the amount of property tax revenue projected for that incorporation, the commission shall by October 10 determine pursuant to Section 54790.3 of the Government Code the amount of property tax to be transferred to the city.

The provisions of this subdivision shall also apply to the allocation of property taxes for the 1980-81 fiscal year and each fiscal year thereafter for incorporations approved by the voters in June 1979.

(h) For the purpose of the computations made pursuant to this section, in the case of a district formation that was filed pursuant to Sections 54900 to 54904, inclusive, of the Government Code after January 1, 1978, but before January 1, 1979, the amount of property tax to be allocated to the district for the 1979-80 fiscal year and each fiscal year thereafter shall be determined pursuant to Section 54790.3 of the Government Code.

(i) For the purposes of the computations required by this chapter, in the case of a jurisdictional change, other than a change requiring an adjustment by the auditor pursuant to subdivision (a), the auditor shall adjust the allocation of property tax revenue determined pursuant to Section 96 or 96.1 or its predecessor section, or the annual tax increment determined pursuant to Section 96.5 or its predecessor section, for each local school district, community college district, or county superintendent of schools whose service area or service responsibility would be altered by the jurisdictional change, as determined as follows:

(1) The governing body of each district, county superintendent of schools, or county whose service areas or service responsibilities would be altered by the change shall determine the amount of property tax revenues to be exchanged between and among the affected jurisdictions. This determination shall be adopted by each affected jurisdiction by resolution. For the purpose of negotiation, the county auditor shall furnish the parties and the county board of education with an estimate of the property tax revenue subject to negotiation.

(2) In the event that the affected jurisdictions are unable to agree, within 60 days after the effective date of the jurisdictional change, and if all the jurisdictions are wholly within one county, the county board of education shall, by resolution, determine the amount of property tax revenue to be exchanged. If the jurisdictions are in more than one county, the State Board of Education shall, by resolution, within 60 days after the effective date of the jurisdictional change, determine the amount of property tax to be exchanged.

(3) Upon adoption of any resolution pursuant to this subdivision, the adopting jurisdictions or State Board of Education shall notify the county auditor who shall make the appropriate adjustments as provided in subdivision (a).

(j) For purposes of subdivision (i), the annexation by a community

college district of territory within a county not previously served by a community college district is an alteration of service area. The community college district and the county shall negotiate the amount, if any, of property tax revenues to be exchanged. In these negotiations, there shall be taken into consideration the amount of revenue received from the timber yield tax and forest reserve receipts by the community college district in the area not previously served. In no event shall the property tax revenue to be exchanged exceed the amount of property tax revenue collected prior to the annexation for the purposes of paying tuition expenses of residents enrolled in the community college district, adjusted each year by the percentage change in population and the percentage change in the cost of living, or per capita personal income, whichever is lower, less the amount of revenue received by the community college district in the annexed area from the timber yield tax and forest reserve receipts.

(k) At any time after a jurisdictional change is effective, any of the local agencies party to the agreement to exchange property tax revenue may renegotiate the agreement with respect to the current fiscal year or subsequent fiscal years, subject to approval by all local agencies affected by the renegotiation.

SEC. 21. If the Commission on State Mandates determines that this act contains costs mandated by the state, reimbursement to local agencies and school districts for those costs shall be made pursuant to Part 7 (commencing with Section 17500) of Division 4 of Title 2 of the Government Code.

BILL NUMBER: SB 239 AMENDED
BILL TEXT

AMENDED IN SENATE MARCH 23, 2015

INTRODUCED BY Senator Hertzberg

FEBRUARY 17, 2015

An act to amend ~~Section 56133 of~~ Sections 56021, 56654, 56824.10, and 56824.12 of, to add Section 56800.5 to, and to add Article 1.6 (commencing with Section 56824.20) to Chapter 5 of Part 3 of Division 3 of Title 5 of, the Government Code, relating to ~~local government.~~ local services.

LEGISLATIVE COUNSEL'S DIGEST

SB 239, as amended, Hertzberg. ~~Cities and districts: extended services.~~ Local services: contracts: fire protection services.

Existing law prescribes generally the powers and duties of the local agency formation commission in each county with respect to the review approval or disapproval of proposals for changes of organization or reorganization of cities and special districts within that county. Existing law establishes commission proceedings to consider the exercise of new or different functions or services, or the divestiture of the power to provide particular functions or services, by special districts.

This bill would establish commission proceedings to consider the exercise of new or extended fire protection services outside a public agency's current service area by contract or agreement. The bill would require the legislative body of a public agency to adopt a resolution and submit the resolution along with a plan for services, as provided. The bill would require that a proposal by a state agency be initiated by the director of the agency with the approval of the Governor. The bill would require, prior to adopting the resolution or submitting the proposal, the public agency to enter into a written agreement for the performance of new or extended fire protection services with each affected public agency and recognized employee organization representing firefighters in the affected area and to conduct a public hearing on the resolution. The bill would provide that a proposal for a change of organization that involves the exercise of new or extended fire protection services outside a public agency's current service area by contract or agreement may be initiated only by these proceedings.

The bill would require the commission to approve or disapprove the proposal as specified. The bill would require the commission to consider, among other things, to review a comprehensive fiscal analysis prepared by the executive officer in accordance with specified requirements.

The California Constitution requires local agencies, for the purpose of ensuring public access to the meetings of public bodies and the writings of public officials and agencies, to comply with a statutory enactment that amends or enacts laws relating to public records or open meetings and contains findings demonstrating that the enactment furthers the constitutional requirements relating to this

purpose.

This bill would make legislative findings to that effect.

~~The Cortese Knox Hertzberg Local Government Reorganization Act of 2000 authorizes a city or district to provide new or extended services by contract or agreement outside its jurisdictional boundaries if the city or district requests and receives permission to do so from the local agency formation commission in the affected county. Existing law authorizes the commission to authorize a city or district to provide new or extended services outside its jurisdictional boundaries but within its sphere of influence in anticipation of a later change of organization, or outside its sphere of influence to respond to an existing or impending threat to the public health or safety of the residents of the affected territory, under specified circumstances. Existing law requires the executive officer of the local agency formation commission, within 30 days of receipt of a request for approval by a city or district of a contract to extend services outside its jurisdictional boundary, to determine whether the request is complete and acceptable for filing, as specified.~~

~~This bill would extend the period within which the executive officer is required to make that determination to 45 days.~~

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

THE PEOPLE OF THE STATE OF CALIFORNIA DO ENACT AS FOLLOWS:

SECTION 1. Section 56021 of the Government Code is amended to read:

56021. "Change of organization" means any of the following:

- (a) A city incorporation.
- (b) A district formation.
- (c) An annexation to a city.
- (d) An annexation to a district.
- (e) A detachment from a city.
- (f) A detachment from a district.
- (g) A disincorporation of a city.
- (h) A district dissolution.
- (i) A consolidation of cities.
- (j) A consolidation of special districts.
- (k) A merger of a city and a district.
- (l) Establishment of a subsidiary district.

(m) The exercise of new or different functions or classes of services, or divestiture of the power to provide particular functions or classes of services, within all or part of the jurisdictional boundaries of a special district as provided in Article 1.5 (commencing with Section 56824.10) of Chapter 5 of Part 3 of this division.

(n) The exercise of new or extended fire protection services outside a public agency's current service area by contract or agreement, as authorized by Chapter 4 (commencing with Section 55600) of Part 2 of Division 2 of Title 5 of this code or Article 4 (commencing with Section 4141) of Chapter 1 of Part 2 of Division 4 of the Public Resources Code, as provided in Article 1.6 (commencing with Section 56824.20) of Chapter 5 of Part 3 of Division 3 of Title 5 of this code.

SEC. 2. Section 56654 of the Government Code is amended to read:

56654. (a) A proposal for a change of organization or a reorganization may be made by the adoption of a resolution of application by the legislative body of an affected local agency, except as provided in subdivision (b).

(b) (1) Notwithstanding Section 56700, a proposal for a change of organization that involves the exercise of new or different functions or classes of services, or the divestiture of the power to provide particular functions or classes of services, within all or part of the jurisdictional boundaries of a special district, shall only be initiated by the legislative body of that special district in accordance with ~~Sections 56824.10, 56824.12, and 56824.14.~~ Article 1.5 (commencing with Section 56824.10) of Chapter 5.

(2) Notwithstanding Section 56700, a proposal for a change of organization that involves the exercise of new or extended services outside a public agency's current service area by contract or agreement, as defined in subdivision (n) of Section 56021, shall only be initiated in accordance with Article 1.6 (commencing with Section 56824.20) of Chapter 5.

(c) At least 21 days before the adoption of the resolution, the legislative body may give mailed notice of its intention to adopt a resolution of application to the commission and to each interested agency and each subject agency. The notice shall generally describe the proposal and the affected territory.

(d) Except for the provisions regarding signers and signatures, a resolution of application shall contain all of the matters specified for a petition in Section 56700 and shall be submitted with a plan for services prepared pursuant to Section 56653.

SEC. 3. Section 56800.5 is added to the Government Code , to read:

56800.5. For a proposal for a change of organization that involves the exercise of new or extended services outside a public agency's current service area by contract or agreement, as defined in subdivision (n) of Section 56021, the executive officer shall prepare, or cause to be prepared by contract, a comprehensive fiscal analysis. This analysis shall become part of the report required pursuant to Section 56665. Data used for the analysis shall be from the most recent fiscal year for which data are available, preceding the issuance of the certificate of filing. When data requested by the executive officer in the notice of affected agencies are unavailable, the analysis shall document the source and methodology of the data used. The analysis shall review and document each of the following:

(a) The costs to the public agency that has proposed to provide new or extended services during the three fiscal years following a public agency entering into a contract to provide new or extended services outside its current service area by contract or agreement, in accordance with the following requirements:

(1) The executive officer shall include all direct and indirect cost impacts to the existing service provider in the affected territory.

(2) The executive officer shall review how the costs of the existing service provider compare to the costs of services provided in service areas with similar populations and of similar geographic size that provide a similar level and range of services and shall make a reasonable determination of the costs expected to be borne by the public agency providing new or extended services.

(b) The revenues of the public agency that has proposed a new or extended service outside its current service area during the three fiscal years following the effective date of a contract or agreement

with another public agency to provide a new or extended service.

(c) The effects on the costs and revenues of any affected public agency, including the public agency proposing to provide the new or extended service, during the three fiscal years that the new or extended service will be provided.

(d) Any other information and analysis needed to make the findings required by Section 56824.24.

SEC. 4. Section 56824.10 of the Government Code is amended to read:

56824.10. Commission proceedings for the exercise of new or different functions or classes of services or divestiture of the power to provide particular functions or classes of services, within all or part of the jurisdictional boundaries of a special district, pursuant to paragraph (1) of subdivision (b) of Section 56654, may be initiated by a resolution of application in accordance with this article.

SEC. 5. Section 56824.12 of the Government Code is amended to read:

56824.12. (a) A proposal by a special district to provide a new or different function or class of services or divestiture of the power to provide particular functions or classes of services, within all or part of the jurisdictional boundaries of a special district, pursuant to paragraph (1) of subdivision (b) of Section 56654, shall be made by the adoption of a resolution of application by the legislative body of the special district and shall include all of the matters specified for a petition in Section 56700, except paragraph (6) of subdivision (a) of Section 56700, and be submitted with a plan for services prepared pursuant to Section 56653. The plan for services for purposes of this article shall also include all of the following information:

(1) The total estimated cost to provide the new or different function or class of services within the special district's jurisdictional boundaries.

(2) The estimated cost of the new or different function or class of services to customers within the special district's jurisdictional boundaries. The estimated costs may be identified by customer class.

(3) An identification of existing providers, if any, of the new or different function or class of services proposed to be provided and the potential fiscal impact to the customers of those existing providers.

(4) A written summary of whether the new or different function or class of services or divestiture of the power to provide particular functions or classes of services, within all or part of the jurisdictional boundaries of a special district, pursuant to paragraph (1) of subdivision (b) of Section 56654, will involve the activation or divestiture of the power to provide a particular service or services, service function or functions, or class of service or services.

(5) A plan for financing the establishment of the new or different function or class of services within the special district's jurisdictional boundaries.

(6) Alternatives for the establishment of the new or different functions or class of services within the special district's jurisdictional boundaries.

(b) The clerk of the legislative body adopting a resolution of application shall file a certified copy of that resolution with the executive officer. Except as provided in subdivision (c), the commission shall process resolutions of application adopted pursuant to this article in accordance with Section 56824.14.

(c) (1) Prior to submitting a resolution of application pursuant to this article to the commission, the legislative body of the special district shall conduct a public hearing on the resolution. Notice of the hearing shall be published pursuant to Sections 56153 and 56154.

(2) Any affected local agency, affected county, or any interested person who wishes to appear at the hearing shall be given an opportunity to provide oral or written testimony on the resolution.

SEC. 6. Article 1.6 (commencing with Section 56824.20) is added to Chapter 5 of Part 3 of Division 3 of Title 5 of the Government Code , to read:

Article 1.6. Fire Protection Services

56824.20. Commission proceedings pursuant to paragraph (2) of subdivision (b) of Section 56654 may be initiated in accordance with this article.

56824.22. (a) A proposal for a change of organization that involves the exercise of new or extended services outside a public agency's current service area by contract or agreement, as defined in subdivision (n) of Section 56021, shall be made by the adoption of a resolution of application as follows:

(1) In the case of a public agency that is not a state agency, the proposal shall be initiated by the adoption of a resolution of application by the legislative body of the public agency proposing to provide new or extended services outside the public agency's current service area.

(2) In the case of a public agency that is a state agency, the proposal shall be initiated by the director of the state agency proposing to provide new or extended services outside the agency's current service area and be approved by the Governor.

(b) Prior to submitting a resolution of application pursuant to this article to the commission, the legislative body of a public agency or the director of a state agency shall do all of the following:

(1) Obtain and submit with the resolution a written agreement validated and executed by each affected public agency and recognized employee organization that represents firefighters of the existing and proposed service providers consenting to the proposed change of organization.

(2) Conduct a public hearing on the resolution. Notice of the hearing shall be published pursuant to Sections 56154 and 56156. The legislative body of the public agency or the director of the state agency shall provide an affected public agency or an interested person who wishes to appear at the hearing the opportunity to present oral or written testimony on the resolution.

(c) A proposal for a change of organization submitted pursuant to this article shall be submitted with a plan for services prepared pursuant to Section 56653. The plan for services shall include all of the following information:

(1) The total estimated cost to provide the new or extended services in the affected territory.

(2) The estimated cost of the new or extended services to customers in the affected territory.

(3) An identification of existing service providers, if any, of the new or extended services proposed to be provided and the potential fiscal impact to the customers of those existing providers.

(4) A plan for financing the exercise of the new or extended

services in the affected territory.

(5) Alternatives for the exercise of the new or extended services in the affected territory.

(d) The clerk of the legislative body of a public agency or the director of a state agency adopting a resolution of application pursuant to this article shall file a certified copy of the resolution with the executive officer. The commission shall process resolutions of application adopted pursuant to this chapter in accordance with Section 56824.24.

56824.24. (a) The commission shall review and approve or disapprove a proposal for a change of organization as defined in subdivision (n) of Section 56021 after a public hearing called and held for that purpose. The commission shall not consider or approve a proposal that does not comply with the requirements of subdivision (b) of Section 56824.22.

(b) (1) The commission shall not approve a proposal for a change of organization as defined in subdivision (n) of Section 56021 unless the commission determines that the public agency will have sufficient revenues to carry out the exercise of the new or extended services outside its current area, except as specified in paragraph (2).

(2) The commission may approve a proposal for a change of organization as defined in subdivision (n) of Section 56021 where the commission has determined that the public agency will not have sufficient revenue to provide the proposed new or different functions or class of services, if the commission conditions its approval on the concurrent approval of sufficient revenue sources pursuant to Section 56886. In approving a proposal, the commission shall provide that if the revenue sources pursuant to Section 56886 are not approved, the authority of the public agency to provide new or extended services shall not be exercised.

(c) Notwithstanding Section 56375, the commission shall not approve a proposal for a change of organization as defined in subdivision (n) of Section 56021 unless the commission finds, based on the entire record, all of the following:

(1) The proposed exercise of new or extended services outside a public agency's current service area is consistent with the intent of this division, including, but not limited to, the policies of Sections 56001 and 56300.

(2) The commission has reviewed the comprehensive fiscal analysis prepared pursuant to Section 56800.5.

(3) The commission has reviewed the executive officer's report and recommendation prepared pursuant to Section 56665 and any testimony presented at the public hearing.

(4) The proposed affected territory is expected to receive revenues sufficient to provide public services and facilities and a reasonable reserve during the three fiscal years following the effective date of the contract or agreement between the public agencies to provide a new or extended service.

(d) At least 21 days prior to the date of the hearing, the executive officer shall give mailed notice of that hearing to each affected local agency or affected county, and to any interested party who has filed a written request for notice with the executive officer. In addition, at least 21 days prior to the date of that hearing, the executive officer shall cause notice of the hearing to be published in accordance with Section 56153 in a newspaper of general circulation that is circulated within the territory affected by the proposal proposed to be adopted and shall post the notice of the hearing on the commission's Internet Web site.

(e) The commission may continue from time to time any hearing

called pursuant to this section. The commission shall hear and consider oral or written testimony presented by any affected local agency, affected county, or any interested person who appears at any hearing called and held pursuant to this section.

SEC. 7. The Legislature finds and declares that Section 6 of this act, which adds Section 56824.22 to the Government Code, furthers, within the meaning of paragraph (7) of subdivision (b) of Section 3 of Article I of the California Constitution, the purposes of that constitutional section as it relates to the right of public access to the meetings of local public bodies or the writings of local public officials and local agencies. Pursuant to paragraph (7) of subdivision (b) of Section 3 of Article I of the California Constitution, the Legislature makes the following findings:

This act provides for notice in accordance with existing provisions of the Cortese-Knox-Hertzberg Local Government Reorganization Act of 2000 and will ensure that the right of public access to local agency meetings is protected.

~~SECTION 1. Section 56133 of the Government Code is amended to read:~~

~~56133. (a) A city or district may provide new or extended services by contract or agreement outside its jurisdictional boundaries only if it first requests and receives written approval from the commission in the affected county.~~

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

~~(c) The commission may authorize a city or district to provide new or extended services outside its jurisdictional boundaries and outside its sphere of influence to respond to an existing or impending threat to the public health or safety of the residents of the affected territory if both of the following requirements are met:~~

~~(1) The entity applying for the contract approval has provided the commission with documentation of a threat to the health and safety of the public or the affected residents.~~

~~(2) The commission has notified any alternate service provider, including any water corporation as defined in Section 241 of the Public Utilities Code, or sewer system corporation as defined in Section 230.6 of the Public Utilities Code, that has filed a map and a statement of its service capabilities with the commission.~~

~~(d) The executive officer, within 45 days of receipt of a request for approval by a city or district of a contract to extend services outside its jurisdictional boundary, shall determine whether the request is complete and acceptable for filing or whether the request is incomplete. If a request is determined not to be complete, the executive officer shall immediately transmit that determination to the requester, specifying those parts of the request that are incomplete and the manner in which they can be made complete. When the request is deemed complete, the executive officer shall place the request on the agenda of the next commission meeting for which adequate notice can be given but not more than 90 days from the date that the request is deemed complete, unless the commission has delegated approval of those requests to the executive officer. The commission or executive officer shall approve, disapprove, or approve with conditions the contract for extended services. If the contract is disapproved or approved with conditions, the applicant may request reconsideration, citing the reasons for reconsideration.~~

~~(e) This section does not apply to contracts or agreements solely~~

~~involving two or more public agencies where the public service to be provided is an alternative to, or substitute for, public services already being provided by an existing public service provider and where the level of service to be provided is consistent with the level of service contemplated by the existing service provider. This section does not apply to contracts for the transfer of nonpotable or nontreated water. This section does not apply to contracts or agreements solely involving the provision of surplus water to agricultural lands and facilities, including, but not limited to, incidental residential structures, for projects that serve conservation purposes or that directly support agricultural industries. However, prior to extending surplus water service to any project that will support or induce development, the city or district shall first request and receive written approval from the commission in the affected county. This section does not apply to an extended service that a city or district was providing on or before January 1, 2001. This section does not apply to a local publicly owned electric utility, as defined by Section 9604 of the Public Utilities Code, providing electric services that do not involve the acquisition, construction, or installation of electric distribution facilities by the local publicly owned electric utility, outside of the utility's jurisdictional boundaries.~~

BILL NUMBER: AB 1532 INTRODUCED
BILL TEXT

INTRODUCED BY Committee on Local Government

MARCH 23, 2015

An act to amend Sections 56131.5, 56325, 56326, 56326.5, 56327, 56327.3, 56329, 56332, 56332.5, 56375.3, 56381.6, 56383, 56384, 56653, 57002, 57075, 57075.5, 57177.5, and 57179 of the Government Code, relating to local government.

LEGISLATIVE COUNSEL'S DIGEST

AB 1532, as introduced, Committee on Local Government. Local government: omnibus.

(1) Existing law, the Cortese-Knox-Hertzberg Local Government Reorganization Act of 2000, requires a local agency formation commission to notify specified state agencies having oversight or regulatory responsibility over, or a contractual relationship with, a local health care district when a proposal is made for any of specified changes of organization affecting that district.

This bill would update obsolete references to a "hospital" district and replace outdated references to the State Department of Health Services with references to the State Department of Public Health and the State Department of Health Care Services.

(2) The Cortese-Knox-Hertzberg Local Government Reorganization Act of 2000 establishes in each county a local agency formation commission consisting of 7 members and provides for the selection of members of the commission and designation of alternate members according to specified procedures. Existing law establishes special procedures for the creation and selection of members of the commissions for Los Angeles County, Sacramento County, Santa Clara County, and counties in which there are no cities. Existing law provides for the selection of representatives of independent special districts on each commission by an independent special district selection committee. Existing law also provides for the apportionment of the annual operational costs for specified commissions among the classes of public agencies that select members on the commission.

This bill would recast these provisions and instead provide for the appointment of members and alternates to the commission of each county, including the above-described counties for which special procedures apply. The bill would also make various technical changes.

(3) Existing law authorizes the commission to waive protest proceedings and approve a change of organization or reorganization of a city, after notice and a hearing, of unincorporated islands. Existing law excludes from these provisions an unincorporated island within a city that is a gated community where services are currently provided by a community services district. Existing law also authorizes, at the option of either the city or the county, a separate property tax transfer agreement between a city and a county regarding an annexation of territory subject to these provisions without affecting an existing master tax sharing agreement between the city and the county.

This bill would make technical, nonsubstantive changes to these

provisions.

(4) Under existing law, a commission may establish a schedule of fees and service charges for proceedings taken by the commission, including a fee for amending a sphere of influence.

This bill would expand the list of proceedings in that provision to include updating a sphere of influence.

(5) Existing law requires the commission to appoint legal counsel. If the commission's legal counsel is subject to a conflict of interest on an issue before the commission, existing law requires the commission to appoint alternate staff to assist it. Existing law defines, for the purposes of provisions relating to commission officers and staff, the term "conflict of interest".

This bill would expand the definition of "conflict of interest" with respect to the commission's legal counsel to include matters covered by specified rules promulgated by the State Bar of California pertaining to representation of adverse interests.

(6) Existing law establishes procedures for commission proceedings for a change of organization or reorganization, as defined. Existing law requires that an applicant seeking a change of organization or reorganization, among other things, submit a plan for providing services within the affected territory. The plan must include specified information, including an enumeration and description of the services to be extended to the affected territory and indication of when those services can feasibly be extended to the affected territory.

This bill would provide that the plan may alternatively specify services currently provided in the affected territory. The bill would also require only that the plan indicate when services can be feasibly extended to the affected territory if new services are proposed.

(7) Existing law generally requires the commission to conduct a hearing for a change of organization or reorganization, as specified. However, the commission may, without a hearing, approve a change of organization that consists of an annexation or a detachment, or a reorganization that consists solely of annexations or detachments, or both, or the formation of a county service area that, for which the commission is authorized to waive protest proceedings if certain things have occurred.

This bill would additionally authorize the commission to approve, without a hearing, a proposal for an annexation, a detachment, or a reorganization consisting solely of annexations or detachments, or both, or formation of a county service area for which the commission is authorized to make determinations without a hearing and to waive protest proceedings, if the affected territory is uninhabited and certain conditions are met.

(8) Under existing law, in cases involving specified kinds of change of organization or reorganization the commission must, within 30 days after a hearing, make findings regarding the value of written protests filed and not withdrawn and take a specified action. If a majority protest exists, as specified, the commission must terminate proceedings. If written protests have been filed and not withdrawn by either between 25% and 50% of the registered voters in the affected territory or 25% of the number of owners of land who also own at least 25% of the assessed value of land within the affected territory, the commission must order the organization or change of organization subject to confirmation by the registered voters of the affected territory. If written protests have been filed and not withdrawn by less than 25% of the registered voters in the affected territory or less than 25% of the number of owners of land owning less than 25% of the assessed value of land within the affected

territory, the commission must order the change of organization or reorganization.

This bill would recast these provisions to specify that the commission may order the change of organization or reorganization without an election only if there is neither a majority protest nor written protests filed and not withdrawn by between 25% and 50% of the registered voters in the affected territory or 25% of the number of owners of land who also own at least 25% of the assessed value of land within the affected territory.

(9) Under existing law, notwithstanding the above-described procedures for protest, in cases where a city with more than 100,000 people proposes to annex inhabited territory located in a county with a population of over 400,000, the commission must, within 30 days after a hearing, make findings regarding the value of written protests filed and not withdrawn and take specified action. If written protests have been filed and not withdrawn by 50% or more of the registered voters within the affected territory, the commission must terminate proceedings. If written protests have been filed and not withdrawn by either 15% or more of the registered voters in the affected territory or 15% or more of the number of owners of land who also own at least 15% of the assessed value of land within the affected territory, the commission must order the territory annexed subject to confirmation by the voters within the affected territory on the question of whether to be annexed to the city. The commission must request the city council to call a special election for this purpose. If written protests have been filed and not withdrawn by less than 15% of the registered voters in the affected territory and less than 15% of the owners of land who also own less than 15% of the assessed value of land within the affected territory, the commission must order the territory annexed without an election.

This bill would recast these provisions to specify that the commission may order the annexation without an election only if there are neither written protests filed and not withdrawn by 50% or more of the registered voters within the affected territory nor written protests filed and not withdrawn by 15% or more of the registered voters in the affected territory or 15% of the number of owners of land who also own at least 15% of the assessed value of land within the affected territory. The bill would also specify that the confirmation under these provisions is subject to a special election by the registered voters residing within the affected territory.

(10) Existing law requires the commission, in the case of elections on an order of consolidation of cities or districts, to issue a certificate of completion confirming the order of consolidation, or a certification of completion terminating proceedings, as specified.

This bill would instead require the commission to issue either a certification of completion or a certification of termination, as specified.

(11) Existing law requires the commission to execute a certificate of termination of proceedings if the majority of the votes cast by members of the commission are against the change in organization or reorganization.

This bill would instead require the commission to execute a certificate of termination of proceedings if the votes in favor of the change in organization or reorganization do not constitute a majority.

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

THE PEOPLE OF THE STATE OF CALIFORNIA DO ENACT AS FOLLOWS:

SECTION 1. Section 56131.5 of the Government Code is amended to read:

56131.5. (a) Upon the filing of an application for the formation of, annexation to, consolidation of, or dissolution of a local ~~hospital~~ health care district created pursuant to Division 23 (commencing with Section 32000) of the Health and Safety Code or of an application for a reorganization including any of those changes of organization or the initiation by the commission of any of those changes of organization or any reorganization including any of those changes of organization, the commission shall notify all state agencies that have oversight or regulatory responsibility over, or a contractual relationship with, the local ~~hospital~~ health care district that is the subject of the proposed change of organization or reorganization, of its receipt of the application or the initiation by the commission of the proposed change of organization or reorganization and the proposal, including, but not limited to, the following:

~~(a)~~

(1) The State Department of Health Care Services, including, but not limited to, ~~Licensing and Certification and~~ the Medi-Cal Division.

~~(b)~~

(2) The Office of Statewide Health Planning and Development, including, but not limited to, the Cal-Mortgage Loan Insurance Division.

~~(c)~~

(3) The California Health Facilities Financing Authority.

~~(d)~~

(4) The ~~California Medical Assistance Commission~~ State Department of Public Health, including, but not limited to, the Licensing and Certification Division .

~~A~~

(b) A state agency shall have 60 days from the date of receipt of notification by the commission to comment on the proposal. The commission shall consider all comments received from any state agency in making its decision.

SEC. 2. Section 56325 of the Government Code is amended to read:

56325. There is hereby continued in existence in each county a local agency formation commission. Except as otherwise provided in this chapter, the commission shall consist of members ~~selected~~ appointed as follows:

(a) Two appointed by the board of supervisors from their own membership. The board of supervisors shall appoint a third supervisor who shall be an alternate member of the commission. The alternate member may serve and vote in place of any supervisor on the commission who is absent or who disqualifies himself or herself from participating in a meeting of the commission.

If the office of a regular county member becomes vacant, the alternate member may serve and vote in place of the former regular county member until the appointment and qualification of a regular county member to fill the vacancy.

(b) Two ~~selected~~ appointed by the cities in the county, each of whom shall be a mayor or council member, appointed by the city selection committee. The city selection committee shall also ~~designate~~ appoint

one alternate member who shall *also be a mayor or r*
council member and shall be appointed and serve pursuant to
 Section 56335. ~~The alternate shall also be a mayor or~~
~~council member.~~ The city selection committee is encouraged
 to ~~select~~ *appoint* members to fairly
 represent the diversity of the cities in the county, with respect to
 population and geography.

(c) Two presiding officers or members of legislative bodies of
 independent special districts ~~selected~~
appointed by the independent special district selection
 committee pursuant to Section 56332. The independent special district
 selection committee shall also ~~designate~~
appoint a presiding officer or member of the legislative body
 of an independent special district as an ~~alternative~~
alternate member who shall be appointed and
 serve pursuant to Section 56332. The independent special district
 selection committee is encouraged to make ~~selections~~
appointments that fairly represent the diversity
 of the independent special districts in the county, with respect to
 population and geography.

(d) One representing the general public appointed by the other
 members of the commission. The other members of the commission may
 also ~~designate~~ *appoint* one alternate
 member who shall ~~be appointed and~~ serve pursuant
 to Section 56331. ~~Selection~~ *Appointment*
 of the public member and alternate public member shall be subject to
 the affirmative vote of at least one of the members
~~selected~~ *appointed* by each of the other
 appointing authorities. Whenever a vacancy occurs in the public
 member or alternate public member position, the commission shall
 cause a notice of vacancy to be posted as provided in Section 56158.
 A copy of this notice shall be sent to the clerk or secretary of the
 legislative body of each local agency within the county. Final
 appointment to fill the vacancy may not be made for at least 21 days
 after the posting of the notice.

SEC. 3. Section 56326 of the Government Code is amended to read:
 56326. In Los Angeles County, the commission shall consist of
 nine members, ~~selected~~ *appointed* as
 follows:

(a) Two appointed by the board of supervisors from its own
 membership. The board of supervisors shall also appoint a third
 supervisor who shall be an alternate member of the commission. The
 alternate member may serve and vote in place of any supervisor on the
 commission who is absent or who disqualifies himself or herself from
 participating in a meeting of the commission.

If the office of the regular county member becomes vacant, the
 alternate member may serve and vote in place of the former regular
 county member until the appointment and qualification of a regular
 county member to fill the vacancy.

(b) One appointed by the board of supervisors, who shall not be a
 member of the board of supervisors but who shall be a resident of the
 San Fernando Valley Statistical Area, as defined in subdivision (c)
 of Section 11093. The board of supervisors shall also appoint an
 alternate member who shall not be a member of the board of
 supervisors but who is a resident of the San Fernando Valley
 Statistical Area. The alternate member may serve and vote in place of
 the member appointed pursuant to this subdivision if that member is
 absent or disqualifies himself or herself from participating in a
 meeting of the commission.

If the office of the regular member becomes vacant, the alternate

member may serve and vote in place of the former regular member until the appointment and qualification of a regular member to fill the vacancy.

(c) Two ~~selected~~ *appointed* by the cities in the county, each of whom shall be a mayor or council member, appointed by the city selection committee. The city selection committee shall also ~~designate~~ *appoint* one alternate member who shall *also be a mayor or council member and shall* be appointed and serve pursuant to Section 56335. ~~The alternate shall also be a mayor or council member.~~ The city selection committee is encouraged to ~~select~~ *appoint* members to fairly represent the diversity of the cities in the county, with respect to population and geography.

(d) One ~~selected by~~ *appointed by the presiding officer of the legislative body of* a city in the county having a population in excess of 30 percent of the total population of the county who is a member of the legislative body of the ~~city, appointed by the presiding officer of the legislative body.~~ *city.* The presiding officer of the legislative body shall also ~~designate~~ *appoint* an alternate member who is a member of the legislative body. The alternate member may serve and vote in place of the member appointed pursuant to this subdivision if the member is absent or disqualifies himself or herself from participating in a meeting of the commission.

If the office of the regular member becomes vacant, the alternate member may serve and vote in place of the former regular member until the appointment and qualification of a regular member to fill the vacancy.

(e) Two presiding officers or members of legislative bodies of independent special districts ~~selected by an~~ *appointed by the* independent special district selection committee pursuant to Section 56332. The independent special district selection committee shall also ~~designate~~ *appoint* one alternate member who shall be a presiding officer or member of the legislative body of an independent special district and shall be appointed and serve pursuant to Section 56332. The independent special district selection committee is encouraged to ~~select~~ *appoint* members to fairly represent the diversity of the independent special districts in the county, with respect to population and geography.

(f) One representing the general public appointed by the other members of the commission. *The other members of the commission may also appoint one alternate member who shall serve pursuant to Section 56331.*

SEC. 4. Section 56326.5 of the Government Code is amended to read:

56326.5. In Sacramento County, the commission shall consist of seven members, ~~selected~~ *appointed* as follows:

(a) Two appointed by the board of supervisors from their own membership. The board of supervisors shall appoint a third supervisor who shall serve as an alternate member of the commission. The alternate member may serve and vote in place of any supervisor on the commission who is absent or who disqualifies himself or herself from participating in a meeting of the commission. If the office of the regular county member becomes vacant, the alternate member may serve and vote in place of the former regular county member until the appointment and qualification of a regular county member to fill the

vacancy.

(b) One ~~selected~~ appointed by the City of Sacramento who is a member of the city council, appointed by the mayor and confirmed by the city council. The mayor shall also appoint, subject to confirmation by the council, an alternate member who is a member of the city council. The alternate member may serve and vote in place of the regular city member if the city member is absent or disqualifies himself or herself from participating in a meeting of the commission. If the office of the regular city member becomes vacant, the alternate member may serve and vote in place of the former regular city member until the appointment and qualification of a regular city member to fill the vacancy.

(c) One ~~selected~~ appointed by the cities in the county, who is a mayor or council member appointed by the city selection committee. The city selection committee shall also ~~designate~~ appoint one alternate member who shall also be a mayor or council member and shall be appointed and serve pursuant to Section 56335. ~~The alternate shall also be a mayor or council member.~~ The city selection committee is encouraged to ~~select~~ appoint members to fairly represent the diversity of the cities in the county, with respect to population and geography.

(d) Two presiding officers or members of legislative bodies of independent special districts ~~selected by an~~ appointed by the independent special district selection committee pursuant to Section 56332. The independent special district selection committee shall also ~~designate~~ appoint one alternate member who shall be a presiding officer or member of the legislative body of an independent special district and shall be appointed and serve pursuant to Section 56332. The independent special district selection committee is encouraged to ~~select~~ appoint members to fairly represent the diversity of the independent special districts in the county, with respect to population and geography.

(e) One representing the general public, appointed by the other six members of the commission. The commission may also appoint an alternate public member who may serve and vote in the place of the regular public member if the regular public member is absent or disqualifies himself or herself from participating in a meeting of the commission. If the office of the regular public member becomes vacant, the alternate member may serve and vote in place of the former regular public member until the appointment and qualification of a regular public member to fill the vacancy.

SEC. 5. Section 56327 of the Government Code is amended to read:

56327. In Santa Clara County, the commission shall consist of five members, ~~selected~~ appointed as follows:

(a) Two appointed by the board of supervisors from their own membership. The board of supervisors shall appoint a third supervisor who shall serve as an alternate member of the commission. The alternate member may serve and vote in place of any supervisor on the commission who is absent or who disqualifies himself or herself from participating in a meeting of the commission. If the office of the regular county member becomes vacant, the alternate member may serve and vote in place of the former regular county member until the appointment and qualification of a regular county member to fill the vacancy.

(b) One ~~selected~~ appointed by the city in the county having the largest population, who is a member of the legislative body of the city, appointed by the city council. The

city council shall also appoint an alternate member who is a member of the legislative body of the city. The alternate member may serve and vote in place of the regular city member if the city member is absent or disqualifies himself or herself from participating in a meeting of the commission. If the office of the regular city member becomes vacant, the alternate member may serve and vote in place of the former regular city member until the appointment and qualification of a regular city member to fill the vacancy.

(c) One ~~selected~~ appointed by the cities in the county, who is a mayor or council member appointed by the city selection committee. The city selection committee shall also ~~designate~~ appoint one alternate member who shall also be a mayor or council member and shall be appointed and serve pursuant to Section 56335. ~~The alternate shall also be a mayor or council member.~~ The city selection committee is encouraged to ~~select~~ appoint members to fairly represent the diversity of the cities in the county, with respect to population and geography.

(d) One representing the general public, appointed by the other ~~four~~ four, or, if the commission is enlarged pursuant to Section 56327.3, the other six, members of the commission. This member shall not be a resident of a city which is already represented on the commission. The commission may also appoint an alternate public member, who shall not be a resident of a city represented on the commission, and who may serve and vote in the place of the regular public member if the regular public member is absent or disqualifies himself or herself from participating in a meeting of the commission. If the office of the regular public member becomes vacant, the alternate member may serve and vote in place of the former regular public member until the appointment and qualification of a regular public member to fill the vacancy.

SEC. 6. Section 56327.3 of the Government Code is amended to read:

56327.3. In Santa Clara County, the commission shall be enlarged by two members if, pursuant to the provisions of Chapter 5 (commencing with Section ~~56820~~), 56821), the commission orders representation of special districts upon the commission.

SEC. 7. Section 56329 of the Government Code is amended to read:

56329. If there is no city in the county, the commission shall consist of five members, ~~selected~~ appointed as follows which may be further augmented pursuant to Sections 56332 and 56332.5:

(a) Three appointed by the board of supervisors from their own membership. The board of supervisors shall appoint a fourth supervisor who is an alternate member of the commission. The alternate member may serve and vote in place of any supervisor on the commission who is absent or who disqualifies himself or herself from participating in a meeting of the commission.

If the office of a regular county member becomes vacant, the alternate member may serve and vote in place of the former regular county member until the appointment and qualification of a regular county member to fill the vacancy.

(b) Two representing the general public appointed by the other three members of the commission. ~~Selection~~ Appointment of the public member and alternate public member shall be subject to the affirmative vote of at least one of the members selected by each of the other appointing authorities.

SEC. 8. Section 56332 of the Government Code is amended to read:

56332. (a) The independent special district selection committee shall consist of the presiding officer of the legislative body of each independent special district. However, if the presiding officer of an independent special district is unable to participate in a meeting or election of the independent special district selection committee, the legislative body of the district may appoint one of its members as an alternate to participate in the selection committee in the presiding officer's place. Those districts shall include districts located wholly within the county and those containing territory within the county representing 50 percent or more of the assessed value of taxable property of the district, as shown on the last equalized county assessment roll. Each member of the committee shall be entitled to one vote for each independent special district of which he or she is the presiding officer or his or her alternate as designated by the governing body. Members representing a majority of the eligible districts shall constitute a quorum.

(b) The executive officer shall call and give written notice of all meetings of the members of the selection committee. A meeting shall be called and held under one of the following circumstances:

(1) Whenever the executive officer anticipates that a vacancy will occur within the next 90 days among the members or alternate member representing independent special districts on the commission.

(2) Whenever a vacancy exists among the members or alternate member representing independent special districts upon the commission.

(3) Upon receipt of a written request by one or more members of the selection committee representing districts having 10 percent or more of the assessed value of taxable property within the county, as shown on the last equalized county assessment roll.

(c) The selection committee shall appoint two regular members and one alternate member to the commission. The members so appointed shall be elected or appointed members of the legislative body of an independent special district residing within the county but shall not be members of the legislative body of a city or county. If one of the regular district members is absent from a commission meeting or disqualifies himself or herself from participating in a meeting, the alternate district member may serve and vote in place of the regular district member for that meeting. Service on the commission by a regular district member shall not disqualify, or be cause for disqualification of, the member from acting on proposals affecting the special district on whose legislative body the member serves. The special district selection committee may, at the time it appoints a member or alternate, provide that the member or alternate is disqualified from voting on proposals affecting the district on whose legislative body the member serves.

(d) If the office of a regular district member becomes vacant, the alternate member may serve and vote in place of the former regular district member until the appointment and qualification of a regular district member to fill the vacancy.

(e) A majority of the independent special district selection committee may determine to conduct the committee's business by mail, including holding all elections by mailed ballot, pursuant to subdivision (f).

(f) If the independent special district selection committee has determined to conduct the committee's business by mail or if the executive officer determines that a meeting of the special district selection committee, for the purpose of ~~selecting~~ *appointing* the special district members or filling vacancies, is not feasible, the executive officer shall conduct the business of the committee by mail. Elections by mail shall be

conducted as provided in this subdivision.

(1) The executive officer shall prepare and deliver a call for nominations to each eligible district. The presiding officer, or his or her alternate as designated by the governing body, may respond in writing by the date specified in the call for nominations, which date shall be at least 30 days from the date on which the executive officer mailed the call for nominations to the eligible district.

(2) At the end of the nominating period, if only one candidate is nominated for a vacant seat, that candidate shall be deemed ~~selected.~~ *appointed.* If two or more candidates are nominated, the executive officer shall prepare and deliver one ballot and voting instructions to each eligible district. The ballot shall include the names of all nominees and the office for which each was nominated. Each presiding officer, or his or her alternate as designated by the governing body, shall return the ballot to the executive officer by the date specified in the voting instructions, which date shall be at least 30 days from the date on which the executive officer mailed the ballot to the eligible district.

(3) The call for nominations, ballot, and voting instructions shall be delivered by certified mail to each eligible district. As an alternative to the delivery by certified mail, the executive officer, with prior concurrence of the presiding officer or his or her alternate as designated by the governing body, may transmit materials by electronic mail.

(4) If the executive officer has transmitted the call for nominations or ballot by electronic mail, the presiding officer, or his or her alternate as designated by the governing body, may respond to the executive officer by electronic mail.

(5) Each returned nomination and ballot shall be signed by the presiding officer or his or her alternate as designated by the governing body of the eligible district.

(6) For an election to be valid, at least a quorum of the special districts must submit valid ballots. The candidate receiving the most votes shall be elected, unless another procedure has been adopted by the selection committee. Any nomination and ballot received by the executive officer after the date specified is invalid, provided, however, that if a quorum of ballots is not received by that date, the executive officer shall extend the date to submit ballots by 60 days and notify all districts of the extension. The executive officer shall announce the results of the election within seven days of the date specified.

(7) All election materials shall be retained by the executive officer for a period of at least six months after the announcement of the election results.

(g) For purposes of this section, "executive officer" means the executive officer or designee as authorized by the commission.

SEC. 9. Section 56332.5 of the Government Code is amended to read:

56332.5. If the commission does not have representation from independent special districts on January 1, 2001, the commission shall initiate proceedings for representation of independent special districts upon the commission if requested by independent special districts pursuant to this section. If an independent special district adopts a resolution proposing representation of independent special districts upon the commission, it shall immediately forward a copy of the resolution to the executive officer. Upon receipt of those resolutions from a majority of independent special districts within a county, adopted by the districts within one year from the date that the first resolution was adopted, the commission, at its next regular meeting, shall adopt a resolution of intention. The

resolution of intention shall state whether the proceedings are initiated by the commission or by an independent special district or districts, in which case, the names of those districts shall be set forth. The commission shall order the executive officer to call and give notice of a meeting of the independent special district selection committee to be held within 15 days after the adoption of the resolution in order to ~~select~~ *appoint* independent special district representation on the commission pursuant to Section 56332.

SEC. 10. Section 56375.3 of the Government Code is amended to read:

56375.3. (a) In addition to those powers enumerated in Section 56375, a commission shall approve, after notice and hearing, the change of organization or reorganization of a city, and waive protest proceedings pursuant to Part 4 (commencing with Section 57000) entirely, if all of the following are true:

(1) The change of organization or reorganization is initiated on or after January 1, 2000.

(2) The change of organization or reorganization is proposed by resolution adopted by the affected city.

(3) The commission finds that the territory contained in the change of organization or reorganization proposal meets all of the requirements set forth in subdivision (b).

(b) Subdivision (a) applies to territory that meets all of the following requirements:

(1) It does not exceed 150 acres in area, and that area constitutes the entire island.

(2) The territory constitutes an entire unincorporated island located within the limits of a city, or constitutes a reorganization containing a number of individual unincorporated islands.

(3) It is surrounded in either of the following ways:

(A) Surrounded, or substantially surrounded, by the city to which annexation is proposed or by the city and a county boundary or the Pacific Ocean.

(B) Surrounded by the city to which annexation is proposed and adjacent cities.

~~(C) This subdivision shall not be construed to apply to any unincorporated island within a city that is a gated community where services are currently provided by a community services district.~~

~~(D) Notwithstanding any other provision of law, at the option of either the city or the county, a separate property tax transfer agreement may be agreed to between a city and a county pursuant to Section 99 of the Revenue and Taxation Code~~

~~regarding an annexation subject to this subdivision without affecting any existing master tax sharing agreement between the city and county.~~

(4) It is substantially developed or developing. The finding required by this paragraph shall be based upon one or more factors, including, but not limited to, any of the following factors:

(A) The availability of public utility services.

(B) The presence of public improvements.

(C) The presence of physical improvements upon the parcel or parcels within the area.

(5) It is not prime agricultural land, as defined by Section 56064.

(6) It will benefit from the change of organization or reorganization or is receiving benefits from the annexing city.

(7) *This subdivision does not apply to any unincorporated island within a city that is a gated community where services are currently*

provided by a community services district.

(8) Notwithstanding any other law, at the option of either the city or the county, a separate property tax transfer agreement may be agreed to between a city and a county pursuant to Section 99 of the Revenue and Taxation Code regarding an annexation subject to this subdivision without affecting any existing master tax sharing agreement between the city and county.

(c) Notwithstanding any other provision of this subdivision, this subdivision shall not apply to all or any part of that portion of the development project area referenced in subdivision (e) of Section 33492.41 of the Health and Safety Code that as of January 1, 2000, meets all of the following requirements:

- (1) Is unincorporated territory.
- (2) Contains at least 100 acres.
- (3) Is surrounded or substantially surrounded by incorporated territory.
- (4) Contains at least 100 acres zoned for commercial or industrial uses or is designated on the applicable county general plan for commercial or industrial uses.

(d) The Legislature finds and declares that the powers set forth in subdivision (a) for territory that meets all the specifications in subdivision (b) are consistent with the intent of promoting orderly growth and development pursuant to Section 56001 and facilitate the annexation of disadvantaged unincorporated communities, as defined in Section 56033.5.

SEC. 11. Section 56381.6 of the Government Code is amended to read:

56381.6. (a) Notwithstanding the provisions of Section 56381, for counties whose membership on the commission is established pursuant to Sections 56326, 56326.5, 56327, or 56328, the commission's annual operational costs shall be apportioned among the classes of public agencies that ~~select~~ appoint members ~~on~~ to the commission in proportion to the number of members ~~selected~~ appointed by each class. The classes of public agencies that may be represented on the commission are the county, the cities, and independent special districts. Any alternative cost apportionment procedure may be adopted by the commission, subject to a majority affirmative vote of the commission that includes the affirmative vote of at least one of the members ~~selected~~ appointed by the county, one of the members ~~selected~~ appointed by the cities, and one of the members ~~selected~~ appointed by districts, if special districts are represented on the commission.

(b) Allocation of costs among individual cities and independent special districts and remittance of payments shall be in accordance with the procedures of Section 56381. Notwithstanding Section 56381, any city that has permanent membership on the commission pursuant to Sections 56326, 56326.5, 56327, or 56328 shall be apportioned the same percentage of the commission's annual operational costs as its permanent member bears to the total membership of the commission, excluding any public members selected by all the members. The balance of the cities' portion of the commission's annual operational costs shall be apportioned to the remaining cities in the county in accordance with the procedures of Section 56381.

SEC. 12. Section 56383 of the Government Code is amended to read:

56383. (a) The commission may establish a schedule of fees and a schedule of service charges for the proceedings taken pursuant to this division, including, but not limited to, all of the following:

- (1) Filing and processing applications filed with the commission.

(2) Proceedings undertaken by the commission and any reorganization committee.

(3) Amending *or updating* a sphere of influence.

(4) Reconsidering a resolution making determinations.

(b) The fees shall not exceed the estimated reasonable cost of providing the service for which the fee is charged and shall be imposed pursuant to Section 66016. The service charges shall not exceed the cost of providing the service for which the service charge is charged and shall be imposed pursuant to Section 66016.

(c) The commission may require that an applicant deposit some or all of the required amount that will be owed with the executive officer before any further action is taken. The deposit shall be made within the time period specified by the commission. No application shall be deemed filed until the applicant deposits the required amount with the executive officer. The executive officer shall provide the applicant with an accounting of all costs charged against the deposited amount. If the costs are less than the deposited amount, the executive officer shall refund the balance to the applicant after the executive officer verifies the completion of all proceedings. If the costs exceed the deposited amount, the applicant shall pay the difference prior to the completion of all proceedings.

(d) The commission may reduce or waive a fee, service charge, or deposit if it finds that payment would be detrimental to the public interest. The reduction or waiver of any fee, service charge, or deposit is limited to the costs incurred by the commission in the proceedings of an application.

(e) Any mandatory time limits for commission action may be deferred until the applicant pays the required fee, service charge, or deposit.

(f) The signatures on a petition submitted to the commission by registered voters shall be verified by the elections official of the county and the costs of verification shall be provided for in the same manner and by the same agencies which bear the costs of verifying signatures for an initiative petition in the same county.

(g) For incorporation proceedings that have been initiated by the filing of a sufficient number of voter signatures on petitions that have been verified by the county registrar of voters, the commission may, upon the receipt of a certification by the proponents that they are unable to raise sufficient funds to reimburse fees, service charges, or deposits for the proceedings, take no action on the proposal and request a loan from the General Fund of an amount sufficient to cover those expenses subject to availability of an appropriation for those purposes and in accordance with any provisions of the appropriation. Repayment of the loan shall be made a condition of approval of the incorporation, if successful, and shall become an obligation of the newly formed city. Repayment shall be made within two years of the effective date of incorporation. If the proposal is denied by the commission or defeated at an election, the loan shall be forgiven.

SEC. 13. Section 56384 of the Government Code is amended to read:

56384. (a) The commission shall appoint an executive officer who shall conduct and perform the day-to-day business of the commission. If the executive officer is subject to a conflict of interest on a matter before the commission, the commission shall appoint an alternate executive officer. The commission may recover its costs by charging fees pursuant to Section 56383.

(b) The commission shall appoint legal counsel to advise it. If the commission's counsel is subject to a conflict of interest on a matter before the commission, the commission shall appoint alternate legal counsel to advise it. The commission may recover its costs by

charging fees pursuant to Section 56383.

(c) The commission may appoint staff as it deems appropriate. If staff for the commission is subject to a conflict of interest on a matter before the commission, the commission shall appoint alternate staff to assist it. The commission may recover its costs by charging fees pursuant to Section 56383.

(d) (1) For purposes of this section, the term "conflict of interest" shall be defined as it is for the purpose of the Political Reform Act of 1974 (*Title 9(commences with Section 81000)*) and shall also include matters proscribed by Article 4 (commencing with Section 1090) of Chapter 1 of Division 4 of Title 1.

(2) *For the purposes of subdivision (b), the term "conflict of interest" shall also include matters addressed by Rule 3-310 of the Rules of Professional Conduct promulgated by the State Bar of California, pertaining to representation of adverse interests.*

SEC. 14. Section 56653 of the Government Code, as amended by Section 2 of Chapter 784 of the Statutes of 2014, is amended to read:

56653. (a) If a proposal for a change of organization or reorganization is submitted pursuant to this part, the applicant shall submit a plan for providing services within the affected territory.

(b) The plan for providing services shall include all of the following information and any additional information required by the commission or the executive officer:

(1) An enumeration and description of the services *currently provided or* to be extended to the affected territory.

(2) The level and range of those services.

(3) An indication of when those services can feasibly be extended to the affected ~~territory.~~ *territory, if new services are proposed.*

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

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

(c) (1) In the case of a change of organization or reorganization initiated by a local agency that includes a disadvantaged, unincorporated community as defined in Section 56033.5, a local agency may include in its resolution of application for change of organization or reorganization an annexation development plan adopted pursuant to Section 99.3 of the Revenue and Taxation Code to improve or upgrade structures, roads, sewer or water facilities, or other infrastructure to serve the disadvantaged, unincorporated community through the formation of a special district or reorganization of one or more existing special districts with the consent of each special district's governing body.

(2) The annexation development plan submitted pursuant to this subdivision shall include information that demonstrates that the formation or reorganization of the special district will provide all of the following:

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

(B) An estimated timeframe for constructing and delivering the services identified in the application.

(C) The governance, oversight, and long-term maintenance of the services identified in the application after the initial costs are recouped and the tax increment financing terminates.

(3) If a local agency includes an annexation development plan pursuant to this subdivision, a local agency formation commission may approve the proposal for a change of organization or reorganization to include the formation of a special district or reorganization of a special district with the special district's consent, including, but not limited to, a community services district, municipal water district, or sanitary district, to provide financing to improve or upgrade structures, roads, sewer or water facilities, or other infrastructure to serve the disadvantaged, unincorporated community, in conformity with the requirements of the principal act of the district proposed to be formed and all required formation proceedings.

(4) Pursuant to Section 56881, the commission shall include in its resolution making determinations a description of the annexation development plan, including, but not limited to, an explanation of the proposed financing mechanism adopted pursuant to Section 99.3 of the Revenue and Taxation Code, including, but not limited to, any planned debt issuance associated with that annexation development plan.

(d) This section shall not preclude a local agency formation commission from considering any other options or exercising its powers under Section 56375.

(e) This section shall remain in effect only until January 1, 2025, and as of that date is repealed.

SEC. 15. Section 56653 of the Government Code, as added by Section 3 of Chapter 784 of the Statutes of 2014, is amended to read:

56653. (a) If a proposal for a change of organization or reorganization is submitted pursuant to this part, the applicant shall submit a plan for providing services within the affected territory.

(b) The plan for providing services shall include all of the following information and any additional information required by the commission or the executive officer:

(1) An enumeration and description of the services *currently provided or* to be extended to the affected territory.

(2) The level and range of those services.

(3) An indication of when those services can feasibly be extended to the affected ~~territory.~~ *territory,*
if new services are proposed.

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

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

(c) This section shall become operative on January 1, 2025.

SEC. 16. Section 57002 of the Government Code is amended to read:

57002. (a) Within 35 days following the adoption of the commission's resolution making determinations, the executive officer of the commission shall set the proposal for hearing and give notice of that hearing by mailing, publication, and posting, as provided in Chapter 4 (commencing with Section 56150) of Part 1. The hearing shall not be held prior to the expiration of the reconsideration period specified in subdivision (b) of Section 56895. The date of that hearing shall not be less than 21 days, or more than 60 days, after the date the notice is given.

(b) Where the proceeding is for the establishment of a district as

a subsidiary district of a city, upon the request of the affected district, the date of the hearing shall be at least 90 days, but no more than 135 days, from the date the notice is given.

(c) If authorized by the commission pursuant to Section 56662 or 56663, a change of organization or reorganization may be approved without notice, hearing, and election.

SEC. 17. Section 57075 of the Government Code is amended to read:

57075. In the case of registered voter districts or cities, where a change of organization or reorganization consists solely of annexations, detachments, the exercise of new or different functions or class of services or the divestiture of the power to provide particular functions or class of services within all or part of the jurisdictional boundaries of a special district, or any combination of those proposals, the commission, not more than 30 days after the conclusion of the hearing, shall make a finding regarding the value of written protests filed and not withdrawn, and take one of the following actions, except as provided in subdivision (b) of Section 57002:

(a) In the case of inhabited territory, take one of the following actions:

(1) Terminate proceedings if a majority protest exists in accordance with Section 57078.

(2) Order the change of organization or reorganization subject to confirmation by the registered voters residing within the affected territory if written protests have been filed and not withdrawn by either of the following:

(A) At least 25 percent, but less than 50 percent, of the registered voters residing in the affected territory.

(B) At least 25 percent of the number of owners of land who also own at least 25 percent of the assessed value of land within the affected territory.

(3) Order the change of organization or reorganization without an election if ~~written protests have been filed and not withdrawn by less than 25 percent of the registered voters or less than 25 percent of the number of owners of land owning less than 25 percent of the assessed value of land within the affected territory.~~

paragraphs (1) and (2) of this subdivision do not apply.

(b) In the case of uninhabited territory, take either of the following actions:

(1) Terminate proceedings if a majority protest exists in accordance with Section 57078.

(2) Order the change of organization or reorganization if written protests have been filed and not withdrawn by owners of land who own less than 50 percent of the total assessed value of land within the affected territory.

SEC. 18. Section 57075.5 of the Government Code is amended to read:

57075.5. Notwithstanding Section 57075, if territory proposed to be annexed to a city with more than 100,000 residents is inhabited and is located in a county with a population of over 4,000,000, the commission, not more than 30 days after conclusion of the hearing, shall make a finding regarding the value of written protests filed and not withdrawn and shall take one of the following actions:

(a) Terminate proceedings if written protests have been filed and not withdrawn by 50 percent or more of the registered voters residing within the affected territory.

(b) Order the ~~territory annexed~~ change of organization or reorganization subject to ~~the~~ confirmation by the registered voters

~~on the question,~~ residing within the affected territory, and request the city council to call a special election and submit to the voters residing within the affected territory the question of whether it shall be annexed to the city, if written protests have been filed and not withdrawn by either ~~15 percent or more of the registered voters within the territory, or 15 percent or more of the number of owners of land who also own not less than 15 percent of the total assessed value of land within the territory.~~ of the following:

(1) At least 15 percent of the registered voters residing within the affected territory.

(2) At least 15 percent of the number of owners of land who also own not less than 15 percent of the total assessed value of land within the affected territory.

(c) Order the territory annexed without an election if ~~written protests have been filed and not withdrawn by less than 15 percent of the registered voters within the territory and less than 15 percent of the owners of land who own less than 15 percent of the total assessed value of land within the territory.~~ subdivisions (a) and (b) do not apply.

SEC. 19. Section 57177.5 of the Government Code is amended to read:

57177.5. In the case of elections on an order of consolidation of cities or districts, the commission shall take one of the following actions:

(a) Execute a certificate of completion confirming the order of consolidation if, within the territory of each city or district ordered to be consolidated, a majority of the votes cast on the question favored the consolidation.

(b) Execute a certificate of ~~completion terminating~~ termination of proceedings if, in one of the cities or districts ordered to be consolidated, the votes cast in favor of consolidation did not constitute a majority.

SEC. 20. Section 57179 of the Government Code is amended to read:

57179. ~~If the majority of~~ The commission shall execute a certificate of termination of proceedings if the votes cast ~~is against~~ in favor of the change of organization or ~~reorganization, the commission shall execute a certificate of termination proceedings.~~ reorganization do not constitute a majority.

BILL NUMBER: SB 272 AMENDED
BILL TEXT

AMENDED IN SENATE APRIL 6, 2015

INTRODUCED BY Senator Hertzberg
(Principal coauthor: Assembly Member Maienschein)

FEBRUARY 19, 2015

An act to add Section 6270.5 to the Government Code, relating to public records.

LEGISLATIVE COUNSEL'S DIGEST

SB 272, as amended, Hertzberg. The California Public Records Act: local agencies: inventory.

Existing law, the California Public Records Act, requires state and local agencies to make their records available for public inspection, unless an exemption from disclosure applies. The act declares that access to information concerning the conduct of the people's business is a fundamental and necessary right of every person in this state. ~~Existing law also requires every public agency to comply with the California Public Records Act and with any subsequent statutory enactment amending the act, or enacting or amending any successor act.~~

This bill would require each local agency, in implementing the California Public Records Act, to ~~conduct an inventory of data gathered by the agency that discloses what data is maintained by the agency, by whom, and with what frequency it is collected. The bill would require the inventory to be available to the public.~~

create a catalog of enterprise systems, as defined, to make the catalog publicly available upon request in the office of the clerk of the agency's legislative body, and to post the catalog on the local agency's Internet Web site. The bill would require the catalog to disclose a list of the enterprise systems utilized by the agency, and, among other things, the current system vendor and product. Because the bill would require local agencies to perform additional duties, it would impose a state-mandated local program.

The California Constitution requires local agencies, for the purpose of ensuring public access to the meetings of public bodies and the writings of public officials and agencies, to comply with a statutory enactment that amends or enacts laws relating to public records or open meetings and contains findings demonstrating that the enactment furthers ~~the constitutional requirements relating to~~ this purpose.

This bill would make legislative findings to that effect.

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:

SECTION 1. The Legislature finds and declares all of the ~~following~~ following:

(a) New information technology has dramatically changed the way people search for and expect to find information in California.

(b) This technology has unlocked great potential for government to better serve the people it represents. A recent study estimated that digitizing government data could generate one trillion dollars in economic value worldwide through cost savings and improved operational performance.

(c) California plays a vitally important role in moving our nation forward in the world of technology. Just as the state's thriving tech industry surges ahead in setting new standards for society, so too must California.

(d) As several nations, states, and cities have begun to embrace policies of online access to public sector data, they have enjoyed the benefits of increased operational efficiency and better collaboration. Here in California, cities across the state are turning internally gathered and maintained data into usable information for the public to access and leverage for the benefit of their communities.

(e) In moving government to a more effective digital future, standards should be adopted to ensure that data collection and publication are standardized, including uniform definitions for machine-readable data. Online portals should also be developed to assist with public access to collected data.

(f) With a public sector committed to success in the digital age, the residents and businesses of California will stand to benefit from the greater collaboration and integration, improved accountability, and increased productivity that will result.

(g) In making California government more accessible to the people of the state, paragraph (7) of subdivision (b) of Section 3 of Article I of the California Constitution requires local governments to comply with the California Public Records Act and with any subsequent statutory enactment amending that act and furthering that purpose.

SEC. 2. Section 6270.5 is added to the Government Code, to read:

6270.5. (a) In implementing this chapter, each local agency shall ~~conduct an inventory of data gathered by the agency. The inventory shall be made available to the public and shall disclose what data is maintained by the agency, by whom, and with what frequency it is collected.~~ create a catalog of enterprise systems. The catalog shall be made publicly available upon request in the office of the clerk of the agency's legislative body. The catalog shall be posted in a prominent location on the local agency's Internet Web site, if the agency has an Internet Web site. The catalog shall disclose a list of the enterprise systems utilized by the agency and, for each system, shall also disclose all of the following:

(1) Current system vendor.

(2) Current system product.

(3) A brief statement of the system's purpose.

(4) A general description of categories, modules, or layers of data.

(5) The department that serves as the system's primary custodian.

(6) How frequently system data is collected.

(7) How frequently system data is updated.

(b) This section shall not be interpreted to limit a person's

right to inspect public records pursuant to this chapter.

(c) For purposes of this section:

(1) "Enterprise system" means a system that is both of the following:

(A) A multidepartmental system or a system that contains information collected about the public.

(B) A system of record.

(2) "System of record" means a system that serves as an original source of data within an agency.

SEC. 3. The Legislature finds and declares that Section 2 of this act, which adds Section 6270.5 to the Government Code, furthers, within the meaning of paragraph (7) of subdivision (b) of Section 3 of Article I of the California Constitution, the purposes of that constitutional section as it relates to the right of public access to the meetings of local public bodies or the writings of local public officials and local agencies. Pursuant to paragraph (7) of subdivision (b) of Section 3 of Article I of the California Constitution, the Legislature makes the following findings:

Because increased information about what data is collected by local agencies could be leveraged by the public to more efficiently access and better use that information, ~~requiring every local agency to conduct an inventory of data gathered by the agency that would be made available to the public under~~ the act furthers the purpose of Section 3 of Article I of the California Constitution.

SEC. 4. No reimbursement is required by this act pursuant to Section 6 of Article XIII B of the California Constitution because the only costs that may be incurred by a local agency or school district under this act would result from a legislative mandate that is within the scope of paragraph (7) of subdivision (b) of Section 3 of Article I of the California Constitution.