

**MEMORANDUM**

DATE: April 25, 2018

TO: LAFCO Commissioners

FROM: Sara Lytle-Pinhey, Executive Officer *SLP*

**SUBJECT: Legislative Update and Proposed Letters of Support**

**RECOMMENDATION**

Staff recommends that the Commission receive this legislative update and authorize the Executive Officer to submit letters of support on behalf of Stanislaus LAFCO for Assembly Bill 2258 (Grant Program) and Assembly Bill 3254 (Omnibus Bill).

**DISCUSSION**

CALAFCO is currently tracking 25 bills of interest and has been providing regular updates to member LAFCOs. Letters of support have been requested by CALAFCO for two of these bills: Assembly Bills 2258 and 3254. Proposed letters of support are attached for each. The following is a summary of these and other bills of interest to Stanislaus LAFCO in the current legislative session:

**Grant Program for LAFCOs**

AB-2258 (Caballero) – *Re-Referred to Committee on Local Governance*

**QUICK SUMMARY:**

*Would establish a grant program for local agency formation commissions that could potentially help fund change of organizations, reorganizations, and special studies.*

This is a CALAFCO-sponsored bill that follows up on a recommendation from the Little Hoover Commission Report that the Legislature provide one-time grant funding for in-depth studies of service providers. CALAFCO is currently working with the Strategic Growth Council on the proposed grant process.

**IMPLICATIONS FOR STANISLAUS LAFCO:**

If this bill passes, it would provide a unique opportunity for Stanislaus LAFCO to apply for grant funding for more in-depth studies, particularly for special districts where no other funding source for such study currently exists. **Staff recommends a letter of support for AB-2258.** If it passes, Staff will return to the Commission with potential grant proposals.

## Omnibus Bill

AB-3254 (Committee on Local Government) – *Referred to Committee on Local Governance*

### QUICK SUMMARY:

Each year, CALAFCO sponsors an omnibus bill that is intended to make minor clarifications and corrections to language in the Cortese-Knox-Hertzberg Local Government Reorganization Act of 2000 (CKH Act).

This year's omnibus bill, AB-3254 contains several non-controversial changes, including the following:

- Clarifications to the terms “affected territory” and “inhabited territory.”
- Clarification to sections describing mailed notices to landowners and registered voters within the affected territory.

### IMPLICATIONS FOR STANISLAUS LAFCO:

Clarifications and improvements to the CKH Act are necessary to insure the law is as unambiguous as possible to the Commission and Staff. **Staff recommends a letter of support for AB-3254.**

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## Small System Water Authority Act of 2018

AB-2050 (Caballero) – *Re-referred to the Committee on Local Government*

### QUICK SUMMARY:

*Would authorize creation of small system water authorities that will have powers to absorb, improve, and operate noncompliant public water systems. LAFCO would be required to process the formation of the entity and monitor their compliance with a corrective plan.*

According to CALAFCO, the focus of the bill is on non-contiguous water systems. The SWRCB already has the authority to mandate consolidation of these systems. This bill would add the authority to mandate dissolution of water systems and formation of new public agencies known as small system water authorities. LAFCO would have little, if any, discretion in the process. The bill also requires the new authority to file annual performance reports with the Commission. The Commission is then required to hold a hearing on the report and would be empowered to impose civil penalties on the authority for failure to comply with a remedial order by the Commission. CALAFCO has been meeting with the sponsors of the bill to go over numerous concerns about the process, timing, and lack of LAFCO discretion in the proposal.

### IMPLICATIONS FOR STANISLAUS LAFCO:

Staff is concerned by the processes included in this proposed legislation, as well as the addition of civil penalties, which may set precedence for inclusion of penalties with other LAFCO actions. Staff will be closely monitoring this bill and likely be returning to the Commission with a position letter if the bill text does not change from its current form.

## **Water and Wastewater System Consolidations & Service Extensions**

SB-1215 (Hertzberg) – *Re-referred to the Environmental Quality Committee*

### **QUICK SUMMARY:**

*This bill would authorize the State Water Resources Control Board (SWRCB) to mandate extension of service or consolidation of public and/or private wastewater systems. The process is similar to the authority granted to the SWRCB for drinking water systems (SB-88).*

This bill builds on the authority granted to SWRCB to not only consolidate water systems, but wastewater systems as well. The intent is to provide services from a more reliable source (typically a city or special district) to a community currently on a failing system. Typically these failing systems are located in unincorporated areas with no neighboring service provider.

### **IMPLICATIONS FOR STANISLAUS LAFCO:**

Stanislaus LAFCO has seen an increase in requests for water service to be extended to failing systems (typically in mobile home parks) in the unincorporated areas. It would be expected that following this request, there would likely be an increase in similar requests for sewer service extensions into unincorporated areas.

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*Attachments:* Draft Letters of Support for AB-2258 (Grant Program) & AB-3254 (Omnibus Bill)

April 25, 2018

The Honorable Anna Caballero  
California State Assembly  
State Capital Room 5158  
Sacramento, CA 95814

Subject: **SUPPORT of AB 2258 – Grant Funding** (as amended March 15, 2018)

Dear Assemblymember Caballero:

The Stanislaus Local Agency Formation Commission (LAFCO) is pleased to join the California Association of Local Agency Formation Commissions (CALAFCO) in support for **Assembly Bill 2258**. Sponsored by CALAFCO, the bill establishes a funding program to provide grants to LAFCOs for conducting in-depth studies and analyses of local government agencies and services for the purposes of creating improved efficiencies in the delivery of local government services.

The Legislature established LAFCOs in 1963 to encourage the orderly formation of local government agencies. Since that time, the regulatory role and responsibilities of LAFCOs has substantially increased *without* additional funding. Operating in all 58 California counties, LAFCOs are responsible for meeting important statutory directives to maintain orderly boundaries and seek greater efficiencies in delivering local services, and yet these directives often times cannot be met under current funding mechanisms. As a result, much needed LAFCO activities are sometimes delayed or rejected.

In August 2017, the Little Hoover Commission published a report on special districts that contained several recommendations directly related to LAFCOs. One recommendation was for the Legislature to provide one-time grant funding to pay for specified LAFCO activities, particularly to incentivize LAFCOs or smaller special districts to develop and implement dissolution or consolidation plans with timelines for expected outcomes.

Stanislaus LAFCO views AB 2258 as an important opportunity to complete in-depth governance studies that would otherwise not occur due to lack of funding. By establishing this one-time grant funding, AB 2258 provides an additional tool for LAFCOs to conduct detailed studies and implement greater efficiencies in delivering local services based on local circumstances and conditions. For these reasons, Stanislaus LAFCO is pleased to support AB 2258.

Thank you for authoring this important piece of legislation. Please feel free to contact me should you have any questions about our support of AB 2258.

Sincerely,

Sara Lytle-Pinhey  
Executive Officer

cc: Members, Assembly Local Government Committee  
Debbie Michel, Chief Consultant, Assembly Local Government Committee  
William Weber, Consultant, Assembly Republican Caucus  
Pamela Miller, Executive Director, CALAFCO

April 25, 2018

Honorable Cecilia Aguiar-Curry, Chair  
Assembly Local Government Committee  
California State Assembly  
State Capitol, Room 5144  
Sacramento, CA 95814

Subject: **SUPPORT of AB 3254 - Local Government Committee Omnibus Bill**

Dear Chair Aguiar-Curry:

The Stanislaus Local Agency Formation Commission (LAFCO) is pleased to support the **Assembly Local Government Committee Bill AB 3254** which makes technical, non-substantive changes to the Cortese-Knox-Hertzberg Local Government Reorganization Act of 2000 (the Act).

This annual bill includes technical changes to the Act which governs the work of LAFCOs. These changes are necessary as Commissions implement the Act and small inconsistencies are found or clarifications are needed to make the law as unambiguous as possible. AB 3254 currently makes minor technical corrections to language used in the Act.

Stanislaus LAFCO is grateful to your Committee and staff, and the members of the California Association of Local Agency Formation Commissions (CALAFCO) Legislative Committee, all of whom worked diligently on this language to ensure there are no substantive changes while creating a significant increase in the clarity of the Act for all stakeholders.

This legislation helps insure the Cortese-Knox-Hertzberg Act remains a vital and practical law that is consistently applied around the state. We appreciate your Committee's authorship and your support of the mission of LAFCOs. Please feel free to contact me should you have any questions about our support of AB 3254.

Sincerely,

Sara Lytle-Pinhey  
Executive Officer

cc: Members, Assembly Local Government Committee  
Debbie Michel, Chief Consultant, Assembly Local Government Committee  
William Weber, Consultant, Assembly Republican Caucus  
Pamela Miller, Executive Director, CALAFCO