

EL DORADO LAFCO

LOCAL AGENCY FORMATION COMMISSION

AGENDA OF JANUARY 22, 2020

REGULAR MEETING

TO: Shiva Frentzen, Chair, and
Members of the El Dorado County Local Agency Formation
Commission

FROM: José C. Henríquez, Executive Officer

PREPARED BY: Erica Sanchez, Assistant Executive Officer

AGENDA ITEM #14A: OTHER BUSINESS – LEGISLATION

RECOMMENDATION

Staff recommends that the Commission receive the following update on LAFCO-related legislation from the 2019-2020 Legislative Session. No Commission action is requested.

REASON FOR RECOMMENDED ACTION AND BACKGROUND

The State Legislature recently completed the first year of the current two-year legislative cycle and reconvened on January 6 to begin the second year. The following is a summary of bills chaptered in 2019 that have not yet been reported to the Commission, as well as two-year legislation that will be addressed in 2020:

Chaptered Bills

Unless otherwise noted, chaptered bills became effective January 1, 2020.

AB 508 (Chu) Drinking Water: consolidation and extension of service: domestic wells.

Signed—Chapter 352, Statutes of 2019.

Allows the State Water Resources Control Board (SWRCB) to order an extension of service in the case a disadvantaged community has at least one residence that are reliant on a domestic well that fails to provide safe drinking water. Establishes a deadline of July 1, 2020, for the SWRCB to adopt a policy and process to allow members of the disadvantaged community to petition the SWRCB to initiate the process, and allows property owners to opt out of the extension. The extension of service does not require annexation in the cases where that would be appropriate.

AB 600 (Chu) – Local government: organization: disadvantaged unincorporated communities.

Signed—Chapter 612, Statutes of 2019.

Existing law prohibits a LAFCO from approving an annexation to a city of any territory greater than 10 acres, or as determined by commission policy, where there exists a disadvantaged unincorporated community (DUC) that is contiguous to the area of proposed annexation, unless an application to annex the DUC into the subject city has been filed. Under existing law, an application to annex a contiguous DUC is not required if the commission finds that a majority of the registered voters within the DUC are opposed to the annexation.

AB 600 provides that the existing approval prohibition and the exemptions to the application requirement also apply to the annexation of two or more contiguous areas that take place within five years of each other and that are individually less than 10 acres but cumulatively more than 10 acres. This bill also clarifies that the prohibition on approving an annexation involving a DUC applies to the annexation of territory greater than 10 acres, or smaller as determined by commission policy.

In response to final amendments on September 4, 2019 and a call for immediate action from CALAFCO, El Dorado LAFCO sent a letter to Assemblymember Chu removing our previous opposition to the bill (**Attachment A**). Although the amendments removed CALAFCO's direct policy concerns in the bill, concerns regarding the definition of DUCs and the sources of data to identify them, as well as the resources and plans to systemically and sustainably solve the issues remain and are also outlined in the letter.

AB 1628 (Rivas, Robert) – Environmental justice.

Signed—Chapter 360, Statutes of 2019.

Environmental justice is an existing factor to be considered by LAFCO in the review of an application. AB 1628 revises the definition of "environmental justice" in the Cortese-Knox-Hertzberg Local Government Act of 2000 (GC §56668) to include, the meaningful involvement of people of all races, cultures, incomes, and national origins, with respect to the location of public facilities and the provision of public services, to ensure a healthy environment for all people such that the effects of pollution not being disproportionately borne by any particular populations or communities.

SB 646 (Morrell) – Local agency utility services: extension of utility services.

Signed—Chapter 78, Statutes of 2019.

Revises the definition of "fee" in the Mitigation Fee Act (GC §66013) to mean a fee for the physical facilities necessary to make a water connection or sewer connection, and the estimated reasonable cost of labor and materials for installation of those facilities bears a fair or reasonable relationship to the payor's burdens on, or benefits received from, the water connection or sewer connection.

Two-Year Bills

The following are bills of interest to El Dorado LAFCO that fail to meet a deadline in the first year of the legislative session but still may be acted upon in 2020. **Attachment B** contains a full list of legislation followed by CALAFCO.

AB 213 (Reyes) – Vehicle License Fee Adjustments: Inhabited City Annexations

Introduced January 15, 2019.

AB 213 reinstates vehicle license fee (VLF) revenue for inhabited city annexations; payments would come from ERAF which is backfilled from the general fund. This bill would restore financial incentives for cities to annex, and provide services to, unincorporated islands and adjacent disadvantaged communities.

AB 315 (Garcia, Cristina) – Local government: lobbying associations: expenditure of public funds.

Last amended January 6, 2020.

AB 315 would prohibit an association of local agencies or districts from using funds paid from local agencies for any purpose other than lobbying or strictly educational activities. The bill also requires the associations to publicly disclose funds expended for educational and lobbying activities.

This bill could have significant impact to CALAFCO in the uses of member LAFCO and certain Associate Member dues being limited to only direct educational activities or lobbying efforts. Administrative efforts not related to these two things, including all travel not related to education or lobbying or public education campaign regarding LAFCO, would have to cease.

AB 818 (Cooley) – Vehicle license fee adjustments: city incorporations.

Introduced February 20, 2019.

AB 213 reinstates vehicle license fee (VLF) revenue for cities incorporating after 2018.

AB 1053 (Dahle, Hill) – Fallen Leaf Lake Community Services District.

Last amended March 25, 2019.

AB 1053 states the intent of the Legislature to address recommendations in the California State Auditor's audit of the Fallen Leaf Lake Community Services District (FLLCSD). The State Auditor's report was published in July 2019; the bill has not been amended since the release of the report.

The State Auditor's report focused on financial and governmental aspects of the FLLCSD and found that its billing practices and small electorate jeopardize its ability to provide services. The report found that FLLCSD overbilled reimbursing agencies by more than \$700,000 from 2016 through 2018 for firefighting assistance, which places the financial viability of the District in jeopardy because it may have to repay those funds, which would significantly reduce its reserve balance. The report also determined that FLLCSD's small electorate of permanent residents presents a significant challenge to the District's ability to function effectively and recruit candidates to run for its board. The report recommends expanding the District's electorate to include nonresidential landowners and leaseholders to allow more people in the community an opportunity to vote on district matters and to serve on the board.

AB 1253 (Rivas, Robert) – Local agency formation commissions: grant program.

Introduced February 21, 2019.

AB 1253 is a CALAFCO-sponsored bill following up on the recommendation of the Little Hoover Commission report of 2017 for the Legislature to provide LAFCOs one-time grant funding for in-depth studies of potential reorganization of local service providers. Grant funds will be used specifically for conducting special studies to identify and support opportunities to create greater efficiencies in the provision of municipal services; to potentially initiate actions based on those studies that remove or reduce local costs thus incentivizing local agencies to work with the LAFCO in developing and implementing reorganization plans; and the dissolution of inactive districts (pursuant to SB 448, Wieckowski, 2017). The grant program would sunset on July 31, 2024.

CALAFCO and the authors were unsuccessful in getting the \$1.5 million into the State budget, so they decided to make this a two-year bill and try again in the 2020-21 budget.

SB 414 (Caballero) – Small System Water Authority Act of 2019.

Last amended June 25, 2019.

SB 414 would create the Small System Water Authority Act of 2019, authorizing the creation of small system water authorities that will have powers to absorb, improve, and completely operate noncompliant water systems. The intent is to give the State Water Resources Control Board authority to mandate the dissolution of existing drinking water systems (public, mutual and private) and authorize the formation of a new public water authority. The focus is on non-contiguous systems. The SWRCB already has the authority to mandate consolidation of these systems, this will add the authority to mandate dissolution and formation of a new public agency.

LAFCO will be responsible for dissolving any state mandated public agency dissolution, and the formation of the new water authority. The SWRCB's appointed Administrator will act as the applicant on behalf of the state. LAFCO will have ability to approve with modifications the application, and the new agency will have to report to the LAFCO annually for the first 3 years.

Attachments

Attachment A: AB 600 (Chu) – Disadvantaged Unincorporated Communities: Signed Letter to Remove Opposition, as amended September 4, 2019

Attachment B: CALAFCO Legislation Report