

EL DORADO LAFCO

LOCAL AGENCY FORMATION COMMISSION

AGENDA OF MAY 24, 2017

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, Policy Analyst

AGENDA ITEM #10A: OTHER BUSINESS – LEGISLATION

RECOMMENDATION

Staff recommends that the Commission receive the following summary of LAFCO-related legislation for the 2017-2018 Legislative Session and consider directing staff to send letters of support or opposition, as appropriate.

REASON FOR RECOMMENDED ACTION AND BACKGROUND

The following is a summary of bills which may affect this LAFCO:

CALAFCO Requested Positions

CALAFCO Legislative Committee took a support position on the following bills, and requests that individual LAFCOs also submit letters of support from their Commission:

- **AB 464 (Gallagher R): *Service Plan Amendment for Annexations with an Out of Agency Service Agreement***
Last amended 3/14/2017

As amended, AB 464 makes a correction to Government Code §56653 based on the court finding in the case of *The City of Patterson v. Turlock Irrigation District*. The court found that because the services were already being provided via an out of agency service agreement (OASA), the application for annexation was deemed incomplete because it was not a new service to be provided. By making the fix in statute, any pending or future annexation for a territory that is already receiving services via an OASA will not be in jeopardy.

On April 3 CALAFCO sent out a call for legislative action, requesting that each LAFCO send letters of support for this CALAFCO sponsored bill, prior to the Assembly Local Government Committee hearing on May 3.

Update: The bill unanimously passed the Assembly Local Government Committee on the consent calendar on May 3 and is now pending passage on the Assembly floor.

Recommendation: SUPPORT

Staff recommends the Commission direct staff to send a letter in support of AB 464 (Attachment A), which will allow LAFCOs to continue to approve annexations of areas already receiving services via an out of area service agreement, an issue which could have a potential effect on this LAFCO. Although CALAFCO requested support letters be submitted prior to the May 3 committee hearing, letters sent after that date are still encouraged, as they will be listed for future analysis of the bill.

▪ AB 1725 (Committee on Local Government): Annual Omnibus Bill

AB 1725 is the annual Omnibus bill for the Cortese-Knox-Hertzberg Reorganization Act of 2000, which makes technical, non-substantive clean-up corrections to the Act. Presently, the bill includes only one item, but the bill is expected to be amended later this year to add five more items, all of which were approved by the CALAFCO Legislative Committee.

On April 3 CALAFCO sent out a call for legislative action, requesting that each LAFCO send letters of support for this CALAFCO sponsored bill, prior to the Assembly Local Government Committee hearing on May 3.

Update: As amended on May 2, the Omnibus bill now contains two of the CALAFCO approved items; four are still pending. The four remaining items will be added when the bill is amended in the Senate.

Recommendation: SUPPORT

Staff recommends the Commission direct staff to send a letter in support of AB 1725 (Attachment B), which includes technical changes to the Act which are necessary to help clarify and streamline the LAFCO process, ultimately resulting in less ambiguity in the law. When the bill is amended later this year to include the additional items approved by the CALAFCO Legislative Committee it is likely that CALAFCO will send out another call for action requesting another letter of support.

**▪ AB 979 (Lackey R): Special District Seating on LAFCOs
Last amended 4/27/2017**

As amended, AB 979 streamlines the process of seating special district representatives on LAFCOs which don't currently have special district representation. Keeping the process voluntary, it allows for voting by mail whether or not the district wants to have special districts represented on LAFCO. Further, it will allow for the consolidation of that question with the independent special district selection committee appointment to a countywide redevelopment agency oversight board.

On April 7 CALAFCO sent out a call for legislative action, requesting that each LAFCO send letters of support for this CALAFCO and CSDA co-sponsored bill, prior to the Assembly Local Government Committee hearing on April 26.

Update: This bill passed the Assembly Local Government Committee on May 10 after being amended to clarify the process established in the bill. It has now moved on to the Assembly Appropriations Committee.

Recommendation: NO POSITION

El Dorado LAFCO already has special district representation and El Dorado County does not have a countywide redevelopment agency oversight board, therefore AB 979 will not directly affect this LAFCO.

- **AB 1728 (Committee on Local Government): *Health Care Districts***

AB 1728 requires healthcare districts to adopt an annual budget on or before September 1 of each year, establish and maintain a website that lists contact information for the district, and adopt annual policies for providing assistance or grant funding, if the districts provides assistance or grants.

On April 10 CALAFCO took a support position on this bill and sent out a call for legislative action, requesting that each LAFCO send letters of support prior to the Assembly Local Government Committee hearing on April 26.

Recommendation: NO POSITION

There are no healthcare districts within El Dorado County, therefore AB 1728 will not directly affect this LAFCO or any agencies under this LAFCO's jurisdiction.

Other Bills of Interest

- **AB 545 (Bigelow R): *JPA Participation – El Dorado County Hospitals***

AB 545 is a special statute for private, nonprofit hospitals in El Dorado County, including Marshall Medical Center in Placerville and Barton Memorial Hospital in South Lake Tahoe.

The Joint Exercise of Powers Act authorizes two or more public agencies to enter into an agreement to jointly exercise any power common to the contracting parties. AB 545 would authorize a private, nonprofit hospital in the County of El Dorado to enter into a joint powers agreement with a public agency. The bill would prohibit nonprofit hospitals and public agencies participating in the agreement from reducing or eliminating any emergency services following the creation of the joint powers authority without a public hearing, as provided.

- **SB 448 (Wieckowski D): *Inactive Districts***
Last amended 4/18/2017

As amended, SB 448 will give LAFCOs the authorization to dissolve inactive districts (based on State Controller Office (SCO) reports pursuant to the bill's definition of inactive) through a streamlined process. This streamlining will remove the need for a special study and the protest proceedings, requiring only one noticed public hearing. The bill also requires districts to file their audits with LAFCO when they file with the SCO, and adds a requirement for them to also file a statement of purpose.

Further, the bill creates a new category of district called "idle", which means any district who has not filed an audit report and statement of purpose (new requirement) with the SCO, and requires LAFCO to dissolve the idle district if they remain in that status for two years. This LAFCO-initiated dissolution process will not be an expedited process.

CALAFCO has successfully negotiated a large number of amendments, but has currently taken an oppose unless (further) amended position on SB 448, expressing concerns with the processes identified in the bill, the location (code section) being used to address these new LAFCO powers, and several other minor technical issues. CALAFCO is currently working with Senator Wieckowski's office and key stakeholders on further amendments.

- **SB 561 (Gaines R): *Fallen Leaf Lake Community Services District***

SB 561 is a special statute for the Fallen Leaf Lake Community Services District (CSD), which provides fire suppression and parks and recreation services to the area surrounding Fallen Leaf Lake, south of Lake Tahoe.

Under existing law, the Fallen Leaf Lake CSD is a resident voter district. SB 561 would allow voters who are residents of the District, as well as voters who are not residents but either own a real property interest in the District or have been designated by the owner of a real property interest to cast the vote for that property, to vote in a Fallen Leaf Lake CSD election. This bill would also allow a person qualified to vote pursuant to these provisions to be a candidate for, and serve on, the Fallen Leaf Lake CSD board of directors.

SB 561 is expected to be a two-year bill, which means the bill was introduced early in the first half of the two-year legislative session but it isn't expected to meet the deadlines to clear both houses before the end of the year. Therefore, there won't likely be any significant movement until the second half of the legislative cycle in 2018. Your Executive Officer has an unrelated meeting set up with staff from Senator Gaines' office next week, but it is very likely that this bill will also be discussed.

Little Hoover Commission Report Update

According to a CSDA report, the Little Hoover Commission (LHC) set direction for the next steps in its review of special districts at its business meeting on March 23. Several LHC Commissioners articulated an evolution in their opinion on special districts and the approach the Commission should be taking. Generally, the Commission expressed a desire to focus on how special districts and the State can provide the public with better information about local services providers. The Commission plans to hold a roundtable workshop in June with key stakeholders in order to refine the recommendations it is drafting for its final report.

Five of the 12 sitting Commissioners in attendance were in consensus that extreme approaches to local governance, such as the 10-year sunset idea referred to as a "special district death sentence" by a Commissioner in a previous meeting, are not the right approach. Rather, Commissioners articulated a desire to provide local communities with the information they need to best make determinations at the local level. They also expressed a desire to help LAFCOs perform their mission of reviewing municipal services and overseeing formations, dissolutions, and reorganizations of local agencies. While many of the Commissioners noted the value of the work special districts perform, they also discussed room for improvement, particularly in enhanced transparency.

CALAFCO has formed an ad hoc committee of volunteers (including your Executive Officer) to work on gathering information in order to create educational material and to create an outreach plan in for the LHC Commissioners. CALAFCO has also hired CV Strategies to help design an informational brochure about LAFCOs, explaining their purpose and highlighting the important work they do. It is assumed that CALAFCO will be invited to actively participate in the roundtable discussion in June.

Upcoming Legislative Dates

June 2: Last day for bills to be passed out of their house of origin.

Attachments

Attachment A: AB 464 Support Letter (Annexation of OASA Areas)

Attachment B: AB 1725 Support Letter (CKH Omnibus Bill)

Attachment C: CALAFCO Legislation Report