



## LAFCO MEETING AGENDA

Board Meeting Chambers, 70 West Hedding Street, First Floor

San Jose, CA 95110

April 6, 2016

1:00 PM

**CHAIRPERSON: Cat Tucker • VICE-CHAIRPERSON: Mike Wasserman**

**COMMISSIONERS: Sequoia Hall, Johnny Khamis, Linda J. LeZotte, Susan Vicklund Wilson, Ken Yeager**

**ALTERNATES: Cindy Chavez, Ash Kalra, Yoriko Kishimoto, Tara Martin-Milius, Terry Trumbull,**

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### NOTICE TO THE PUBLIC

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1. Pursuant to Government Code §84308, no LAFCO commissioner shall accept, solicit, or direct a contribution of more than \$250 from any party, or his/her agent; or any participant or his /or her agent, while a LAFCO proceeding is pending, and for three months following the date a final decision is rendered by LAFCO. Prior to rendering a decision on a LAFCO proceeding, any LAFCO commissioner who received a contribution of more than \$250 within the preceding 12 months from a party or participant shall disclose that fact on the record of the proceeding. If a commissioner receives a contribution which would otherwise require disqualification returns the contribution within 30 days of knowing about the contribution and the proceeding, the commissioner shall be permitted to participate in the proceeding. A party to a LAFCO proceeding shall disclose on the record of the proceeding any contribution of more than \$250 within the preceding 12 months by the party, or his or her agent, to a LAFCO commissioner. For forms, visit the LAFCO website at [www.santaclaralafco.org](http://www.santaclaralafco.org). No party, or his or her agent and no participant, or his or her agent, shall make a contribution of more than \$250 to any LAFCO commissioner during the proceeding or for 3 months following the date a final decision is rendered by LAFCO.
2. Pursuant to Government Code Sections 56100.1, 56300, 56700.1, 57009 and 81000 et seq., any person or combination of persons who directly or indirectly contribute(s) a total of \$1,000 or more or expend(s) a total of \$1,000 or more in support of or in opposition to specified LAFCO proposals or proceedings, which generally include proposed reorganizations or changes of organization, may be required to comply with the disclosure requirements of the Political Reform Act (See also, Section 84250 et seq.). These requirements contain provisions for making disclosures of contributions and expenditures at specified intervals. More information on the scope of the required disclosures is available at the web site of the FPPC: [www.fppc.ca.gov](http://www.fppc.ca.gov). Questions regarding FPPC material, including FPPC forms, should be directed to the FPPC's advice line at 1-866-ASK-FPPC (1-866-275-3772).
3. Pursuant to Government Code §56300(c), LAFCO adopted lobbying disclosure requirements which require that any person or entity lobbying the Commission or Executive Officer in regard to an application before LAFCO must file a declaration prior to the hearing on the LAFCO application or at the time of the hearing if that is the initial contact. In addition to submitting a declaration, any lobbyist speaking at the LAFCO hearing must so identify themselves as lobbyists and identify on the record the name of the person or entity making payment to them. Additionally every applicant shall file a declaration under penalty of perjury listing all lobbyists that they have hired to influence the action taken by LAFCO on their application. For forms, visit the LAFCO website at [www.santaclaralafco.org](http://www.santaclaralafco.org).
4. Any disclosable public records related to an open session item on the agenda and distributed to all or a majority of the Commissioners less than 72 hours prior to that meeting are available for public inspection at the LAFCO Office, 70 W. Hedding Street, 11th Floor, San Jose, California, during normal business hours. (Government Code §54957.5.)
5. In compliance with the Americans with Disabilities Act, those requiring accommodation for this meeting should notify the LAFCO Clerk 24 hours prior to the meeting at (408)299-6415.

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70 West Hedding Street • 8th Floor, East Wing • San Jose, CA 95110 • (408) 299-5127 • [www.santaclaralafco.org](http://www.santaclaralafco.org)

COMMISSIONERS: Sequoia Hall, Johnny Khamis, Linda J. LeZotte, Cat Tucker, Mike Wasserman, Susan Vicklund Wilson, Ken Yeager

ALTERNATE COMMISSIONERS: Cindy Chavez, Ash Kalra, Yoriko Kishimoto, Tara Martin-Milius, Terry Trumbull

EXECUTIVE OFFICER: Neelima Palacherla

**1. ROLL CALL**

**2. PUBLIC COMMENTS**

This portion of the meeting is reserved for persons desiring to address the Commission on any matter not on this agenda. Speakers are limited to THREE minutes. All statements that require a response will be referred to staff for reply in writing.

**3. APPROVE MINUTES OF FEBRUARY 3, 2016 LAFCO**

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**CONSENT ITEM**

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**4. SETTLEMENT AGREEMENT AND RELEASE WITH THE CITY OF GILROY REGARDING LOCAL AGENCY FORMATION COMMISSION OF SANTA CLARA COUNTY v. CITY OF GILROY ET.AL.**

**Recommended Action:** Authorize General Counsel to execute the Settlement Agreement and Release with the City.

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**PUBLIC HEARING**

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**5. PROPOSED LAFCO BUDGET FOR FISCAL YEAR 2017**

**Recommended Action:**

1. Select the additional LAFCO staffing/funding option and adopt the Proposed Budget for Fiscal Year 2016-2017.
2. Find that the Proposed Budget for Fiscal Year 2017 is expected to be adequate to allow the Commission to fulfill its statutory responsibilities.
3. Authorize staff to transmit the Proposed Budget adopted by the Commission including the estimated agency costs as well as the LAFCO public hearing notice on the adoption of the Fiscal Year 2016 Final Budget to the cities, the special districts, the County, the Cities Association and the Special Districts Association.

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**ITEMS FOR ACTION / INFORMATION**

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**6. EXECUTIVE OFFICER'S REPORT**

**6.1 UPDATE ON MORGAN HILL URBAN SERVICE AREA AMENDMENT 2015**

For Information Only.

**6.2 COMMENT LETTER ON DRAFT ENVIRONMENTAL IMPACT REPORT FOR CITY OF MORGAN HILL'S GENERAL PLAN UPDATE (MORGAN HILL 2035)**

For Information Only.

**6.3 SANTA CLARA COUNTY SPECIAL DISTRICTS ASSOCIATION MEETING**

For Information Only.

**6.4 INTER-JURISDICTIONAL GIS WORKING GROUP MEETING**

For Information Only.

**7. LEGISLATIVE REPORT**

**Recommended Action:**

1. Accept report and provide direction to staff, as necessary.
2. Take a support position on AB 2910 and authorize staff to send a letter of support.
3. Take a support position on SB 1266 and authorize staff to send a letter of support.

**8. PENDING APPLICATIONS / UPCOMING PROJECTS**

**9. COMMISSIONER REPORTS**

**10. NEWSPAPER ARTICLES / NEWSLETTERS**

- CALAFCO Quarterly Report, February 2016

**11. WRITTEN CORRESPONDENCE**

**12. ADJOURN**

Adjourn to the regular LAFCO meeting on June 1, 2016 at 1:00 PM in the Board Meeting Chambers, 70 West Hedding Street, San Jose.



**LAFCO MEETING MINUTES  
WEDNESDAY, FEBRUARY 3, 2016**

**CALL TO ORDER**

The meeting was called to order at 1:03 p.m.

**1. ROLL CALL**

The following commissioners were present:

- **Chairperson Cat Tucker** (left at 2:09 p.m.)
- **Vice Chairperson Mike Wasserman**
- **Commissioner Sequoia Hall**
- **Commissioner Johnny Khamis** (arrived at 1:04 p.m., left at 1:38 p.m.)
- **Commissioner Linda J. Lezotte**
- **Commissioner Susan Vicklund Wilson**
- **Commissioner Ken Yeager**
- **Alternate Commissioner Yoriko Kishimoto** (arrived at 1:08 p.m.)
- **Alternate Commissioner Tara Martin-Milius**
- **Alternate Commissioner Terry Trumbull**

The following staff members were present:

- **LAFCO Executive Officer Neelima Palacherla**
- **LAFCO Assistant Executive Officer Dunia Noel**
- **LAFCO Counsel Malathy Subramanian**

**2. CHANGE IN LAFCO MEMBERSHIP**

**Chairperson Tucker** welcomed Commissioner Ken Yeager as the new LAFCO member and noted that Commissioner Cindy Chavez will now serve as the new Alternate Commissioner.

**3. PUBLIC COMMENTS**

Steve Burch, a resident of 23310 Mora Glen Drive in an unincorporated area outside the Town of Los Altos Hills, requested the Commission to allow sewer service to his property.

In response to an inquiry by **Commissioner Wasserman**, Ms. Palacherla informed that LAFCO staff is aware of the situation and has had extensive discussions with the property owners, the Town of Los Altos Hills and the County Department of Environmental Health regarding the request for sewer service to the property. She indicated that the Town has to apply to LAFCO if it opts to provide sewer service outside its boundary; or the property could be annexed by the Town without LAFCO approval since it is already within its urban service area. She further informed that the

Town has indicated interest in annexing the property. In response to an inquiry by **Commissioner Khamis**, Ms. Palacherla advised that Los Alto Hills staff are aware of these options and are presently working with Mr. Burch.

**4. MINUTES OF DECEMBER 2, 2015 LAFCO MEETING**

The Commission approved the minutes of December 2, 2015 LAFCO meeting.

Motion: Wasserman Second: Wilson

AYES: Hall, Khamis, LeZotte, Tucker, Wasserman, Wilson, Yeager

NOES: None ABSTAIN: None ABSENT: None

**MOTION PASSED**

**5. CUPERTINO SANITARY DISTRICT 2015-02**

The Commission adopted **LAFCO Resolution No. 2016-01**, approving the annexation of approximately 96.28 acres, consisting of four parcels located in the City of Saratoga, to the Cupertino Sanitary District.

**Commissioner Hall** announced his abstention from voting on the item.

Motion: Wasserman Second: Khamis

AYES: Khamis, LeZotte, Tucker, Wasserman, Wilson, Yeager

NOES: None ABSTAIN: Hall ABSENT: None

**MOTION PASSED**

**6. COUNTY AGRICULTURAL COMMISSIONER'S REPORT ON THE ECONOMIC CONTRIBUTIONS OF AGRICULTURE IN SANTA CLARA COUNTY**

Joe Deviney, Agricultural Commissioner, Santa Clara County Consumer and Environmental Protection Agency, provided a PowerPoint presentation on the contributions of agriculture to the local economy.

**Commissioner Hall** suggested that future reports track data on urban agriculture as well as the market value of urban produce that is donated to the food banks. **Alternate Commissioner Kishimoto** inquired about agribusiness trends and greenhouses. Mr. Deviney reported that greenhouses are stable and successful business model in the County, producing a year-round supply of vegetables. **Alternate Commissioner Milius** inquired about the availability of data on the value generated by organically-grown products. Mr. Deviney informed that the data is included in the annual crop reports but that it has not been separated for this presentation.

**7. UPDATE ON THE SUSTAINABLE AGRICULTURAL LANDS POLICY FRAMEWORK FOR SOUTHERN SANTA CLARA COUNTY**

Rob Eastwood, Planning Manager, Santa Clara County Department of Planning and Development, provided a PowerPoint presentation on Sustainable Agricultural Lands Policy Framework for Southern Santa Clara County. Andrea Mackenzie, General Manager, Open Space Authority, discussed the benefits of adopting the Framework,

including the County's increased competitiveness in obtaining State grants for agricultural conservation easements.

**Commissioner LeZotte** requested clarification on the data about the loss of prime farmlands. She also commented on the proposed composition of the Technical Advisory Committee (TAC) for the County study. **Commissioner Wasserman** suggested that this process may provide opportunities to consider potential changes to regulations related to lot sizes and configurations in the area. **Commissioner Wilson** reiterated the importance of a well-balanced TAC and effective meeting facilitation. **Commissioner Hall** observed that community leaders and public officials at the Agricultural Summit in September 2014 expected that something must be done to protect agriculture and open space, and noted that the current effort is a step in that direction. He proposed tracking of data on urban agriculture. **Alternate Commissioner Trumbull** noted the decrease in the conversion of agricultural lands during the last 15 years. **Alternate Commissioner Milius** inquired about the transition areas that are located between urban and agricultural or open space lands.

**8. FINANCE COMMITTEE FOR FISCAL YEAR 2016-2017**

The Commission established a Finance Committee composed of Chairperson Tucker, Commissioner Wasserman and Commissioner Wilson to work with staff to develop and recommend the proposed FY 2016-2017 LAFCO budget for consideration by the full commission.

Motion: Hall

Second: Wilson

AYES: Hall, LeZotte, Tucker, Wasserman, Wilson, Yeager

NOES: None

ABSTAIN: None

ABSENT: Khamis

**MOTION PASSED**

**9. EXECUTIVE OFFICER'S REPORT**

**9.1 SANTA CLARA COUNTY SPECIAL DISTRICTS ASSOCIATION MEETING**

The Commission noted the report.

**9.2 DISCUSSIONS WITH LOMA PRIETA RESOURCE CONSERVATION DISTRICT STAFF**

The Commission noted the report.

**9.3 MEETINGS REGARDING THE MORGAN HILL 2015 URBAN SERVICE AREA AMENDMENT APPLICATION**

The Commission noted the report.

**9.4 MEETING WITH CITY OF MONTE SERENO STAFF, LANDOWNER, AND LANDOWNER'S ATTORNEY RE: POTENTIAL MONTE SERENO URBAN SERVICE AREA AND SPHERE OF INFLUENCE AMENDMENTS**

The Commission noted the report.

**9.5 UPDATE ON JARDIN DRIVE PROPERTY OWNERS' REQUEST FOR DETACHMENT FROM MOUNTAIN VIEW AND ANNEXATION TO LOS ALTOS**

The Commission noted the report.

**9.6 SANTA CLARA COUNTY ASSOCIATION OF PLANNING OFFICIALS (SCCAPO) MEETING**

The Commission noted the report.

**9.7 INTER-JURISDICTIONAL GIS WORKING GROUP MEETING**

The Commission noted the report.

**10. CALAFCO RELATED ACTIVITIES  
10.1 2016 CALAFCO STAFF WORKSHOP**

The Commission authorized staff to attend the 2016 CALAFCO Staff Workshop and authorized travel expenses funded by the LAFCO budget.

Motion: Wilson Second: LeZotte

AYES: Hall, LeZotte, Tucker, Wasserman, Wilson, Yeager

NOES: None ABSTAIN: None ABSENT: Khamis

**MOTION PASSED**

**10.2 INTER-JURISDICTIONAL GIS WORKING GROUP MEETING**

The Commission noted the report.

**11. PENDING APPLICATIONS / UPCOMING PROJECTS**

**11.1 MORGAN HILL URBAN SERVICE AREA AMENDMENT 2015**

Ms. Palacherla informed that the application will be heard on March 11, 2016, that the public hearing notices have been provided pursuant to the Cortese-Knox-Hertzberg Act, and that staff has received several comment letters regarding the application which will be provided with the staff report.

In response to an inquiry by **Commissioner Wilson**, Ms. Palacherla informed that the staff report will be available on February 12, 2016.

**12. COMMISSIONER REPORTS**

There was none.

**13. NEWSPAPER ARTICLES / NEWSLETTERS**

The Commission noted the newspaper article provided.

**14. WRITTEN CORRESPONDENCE**

The Commission noted the correspondence provided.



**15. CONFERENCE WITH LEGAL COUNSEL**

**Chairperson Tucker** announced that she will recuse herself from participation in the Closed Session and requested Alternate Commissioner Milius to attend in her place.

The Commission adjourned to Closed Session at 2:09 p.m.

**13. REPORT FROM THE CLOSED SESSION**

The Commission reconvened to an open meeting at 2:31 p.m. Ms. Subramanian, LAFCO Counsel, announced that there is no report from the Closed Session.

**14. ADJOURNMENT**

The Commission adjourned at 2:32 p.m., to the Special LAFCO meeting on Friday, March 11, 2016, at 10:00 AM in the Board Meeting Chambers, 70 West Hedding Street, San Jose.

Approved:

\_\_\_\_\_  
Cat Tucker, Chairperson  
Local Agency Formation Commission of Santa Clara County

By: \_\_\_\_\_  
Emmanuel Abello, LAFCO Clerk





**BEST BEST & KRIEGER**  
ATTORNEYS AT LAW

MEMORANDUM

**To:** LAFCO Commissioners  
**From:** Mala Subramanian, General Counsel  
**Date:** March 28, 2016  
**Re:** Settlement Agreement and Release with the City of Gilroy regarding  
*Local Agency Formation Commission of Santa Clara County v. City of Gilroy et.al.*

On December 7, 2015, the City of Gilroy (“City”) adopted Resolution No. 2015-63 certifying a Final Environmental Impact Report (“EIR”) for the North Gilroy Neighborhood District Urban Service Area Amendment (“Project”) and Resolution 2015-64 approving the Project. On January 13, 2016, LAFCO filed a Verified Petition and Complaint For Declaratory Relief and Injunctive Relief entitled *Local Agency Formation Commission of Santa Clara County, v. City of Gilroy et. al.*, Case No. 16CV290062, in the Santa Clara County Superior Court (“Action”).

In the Action, LAFCO alleged that the City, in adopting the above-referenced Resolutions (hereinafter “Approvals”) violated California Environmental Quality Act (Public Resource Code Section 21000 *et seq.* or “CEQA”) and the Guidelines of the Implementation of CEQA (Title 14, Cal. Code of Regulations section 15000 *et seq.*, or “Guidelines”). LAFCO sought declaratory and injunctive relief and a peremptory writ of mandate directing the City to vacate its Approvals, and that the City comply with CEQA.

On January 25, 2016 the City adopted Resolution 2016-06 rescinding Resolution No. 2015-63 and Resolution No. 2015-64.

The parties desire to settle all matters and disputes between themselves in order to achieve a full and complete resolution of all claims that have been asserted or that could have been asserted by LAFCO in the Action with regard to the City’s Approvals. Therefore, the parties prepared the attached Settlement Agreement and Release, which in pertinent part does the following:

1. The City agrees to pay LAFCO’s attorneys’ fees and costs relating to the Action in the amount of \$24,500 within fifteen business days after the parties have executed the Agreement.
2. LAFCO agrees to file a dismissal of the Action without prejudice, within fifteen business days after receipt of the City’s payment.

Separately, under the Brown Act, we will request notice from the City of any future CEQA action for this or similar projects.

RECOMMENDATION

Authorize General Counsel to execute the Settlement Agreement and Release with the City.

Attachment: Settlement Agreement and Release between Local Formation Commission of Santa Clara County and the City of Gilroy



## SETTLEMENT AGREEMENT AND RELEASE

This Settlement Agreement (“Agreement”), dated as of \_\_\_\_\_, 2016 (“Effective Date”), is entered into by Petitioner Local Agency Formation Commission of Santa Clara County (“Petitioner” or “LAFCO”), and Respondent City of Gilroy and its City Council (“Respondent” or “City”) (“LAFCO” and “City” are collectively referred to as the “Parties” and sometimes individually referred to as a “Party”) to fully settle the Action, as defined below, and release all claims on the terms and conditions set forth below.

### ARTICLE 1

#### BACKGROUND/RECITALS.

1.1 On or about December 7, 2015, the City adopted Resolution No. 2015-63 certifying a Final Environmental Impact Report (“EIR”) for the North Gilroy Neighborhood District Urban Service Area Amendment (“Project”) and Resolution 2015-64 approving the Project.

1.2 On January 13, 2016, LAFCO filed a Verified Petition and Complaint For Declaratory Relief and Injunctive Relief entitled *Local Agency Formation Commission of Santa Clara County, v. City of Gilroy et. al.*, Case No. 16CV290062, in the Santa Clara County Superior Court (“Action”).

1.3 In the Action, LAFCO alleges that the City, in adopting the above -referenced Resolutions (hereinafter “Approvals”) violated California Environmental Quality Act (Public Resource Code Section 21000 *et seq.* or “CEQA”) and the Guidelines of the Implementation of CEQA (Title 14, Cal. Code of Regulations section 15000 *et seq.*, or “Guidelines”). LAFCO seeks declaratory and injunctive relief and a peremptory writ of mandate directing the City to vacate its Approvals, and that the City comply with CEQA.

1.4 On January 25, 2016 the City adopted Resolution 2016-06 rescinding Resolution No. 2015-63 and Resolution No. 2015-64.

1.5 LAFCO and City have agreed to settle all matters and disputes between themselves in order to achieve a full and complete resolution of all claims that have been asserted or that could have been asserted by LAFCO in the Action with regard to the City’s Approvals.

NOW, THEREFORE, it is hereby stipulated and agreed by the Parties to this Agreement that the Action shall be fully settled on the terms and conditions set forth in this Agreement.

### ARTICLE 2

#### RECITALS/DEFINITIONS.

The recitals and definitions set forth above are incorporated herein by reference and are made part of this Agreement.

### **ARTICLE 3**

#### **NO ADMISSION OF WRONGDOING AND LIABILITY.**

All Parties understand and agree that nothing in this Agreement, or in the execution of this Agreement, shall constitute or be construed as an admission of error or wrongdoing by any Party or of any inadequacy or impropriety in connection with City's Approvals. The Parties expressly deny any fault or liability for any and all claims made in the Action and acknowledge that this Agreement is the compromise of existing claims and that there was no adjudication on the merits of any claim.

### **ARTICLE 4**

#### **CITY OBLIGATIONS.**

Without admitting liability and in consideration of the terms of this Agreement, City shall implement the following:

City agrees, as a full and final settlement of all outstanding claims, including any claims for attorneys' fees and costs relating to the Action, to pay as a compromise and settlement LAFCO's incurred attorneys' fees in the amount of twenty-four thousand and five hundred dollars (\$24,500) ("Payment"). The Payment will be in the form of a check made payable to Local Agency Formation Commission of Santa Clara County to be delivered to LAFCO's Executive Officer at the address noted above within fifteen (15) business days of the date that the Parties have executed this Agreement and delivered their respective signatures to each other.

### **ARTICLE 5**

#### **LAFCO'S OBLIGATIONS**

Within fifteen (15) business days after receipt of the Payment, LAFCO shall file a dismissal of the Action without prejudice.

### **ARTICLE 6**

#### **RELEASES**

6.1 Except as set forth in this Agreement, LAFCO releases the City and their respective owners, affiliates, members, council members, commissioners, officers, employees, agents and attorneys from any and all claims, demands, liabilities, obligations, costs, expenses, fees, actions, and/or causes of action that Petitioner has had or have as of the effective date of this Agreement arising out of, or connected to, the Action, whether known, unknown or suspected.

6.2 Except as set forth in this Agreement, the City releases LAFCO and its respective owners, affiliates, members, council members, commissioners, officers, employees, agents and

attorneys from any and all claims, demands, liabilities, obligations, costs, expenses, fees, actions, and/or causes of action that the City have had or have as of the effective date of this Agreement arising out of, or connected to, the Action, whether known, unknown or suspected.

6.3 Upon the Effective Date, each of the Parties has read and has otherwise been informed of the meaning of Section 1542 of the California Civil Code, and has consulted with its respective counsel, to the extent that counsel was desired, and understands the provisions of Section 1542. Each of the Parties hereby expressly waives the rights and benefits conferred upon it by the provisions of Section 1542 of the California Civil Code, which provides

“A general release does not extend to claims which the creditor does not know or suspect to exist in his or her favor at the time of executing the release, which if known by him or her must have materially affected his or her settlement with the debtor.”

## **ARTICLE 7**

### **MISCELLANEOUS PROVISIONS**

7.1 Notices: Any notice, request, or communication required to be given to either Party under this Agreement shall be given in writing and shall be personally delivered or mailed by prepaid registered or certified mail to the addresses below:

#### Local Agency Formation Commission of Santa Clara County

Neelima Palacherla  
Executive Officer  
70 West Hedding Street  
Eighth Floor, East Wing  
San Jose, CA 95110

Mala Subramanian  
Best Best & Krieger  
2001 North Main Street, Suite 390  
Walnut Creek, CA 94596

#### City of Gilroy

City of Gilroy  
Attn: City Administrator  
7351 Rosanna Street  
Gilroy, CA 95020

Andrew L. Faber  
Berliner Cohen, LLP  
Ten Almaden Boulevard, 11 Floor  
San Jose, CA 95113-2233

7.2 Enforcement of Agreement: No action for breach of this Agreement shall be brought or maintained until: (a) the non-breaching Party provides written notice to the breaching Party which explains with particularity the nature of the claimed breach, and (b) within thirty (30) days after receipt of said notice, the breaching Party fails to cure the claimed breach or, in the case of a claimed breach which cannot be reasonably remedied within a thirty (30) day period, the breaching Party fails to commence to cure the claimed breach within such thirty (30) day period, and thereafter diligently complete the activities reasonably necessary to remedy the claimed breach.

7.3 Limits: This Agreement shall not be construed as creating any right or benefit, substantive or procedural, enforceable at law or in equity, by any Party other than those set forth herein.

7.4 Entire Agreement: The Parties acknowledge that this Agreement is signed and executed without reliance upon any actual or implied promises, warranties or representations made by any of the Parties or by any representative of any of the Parties, other than those which are expressly contained within this Agreement. This Agreement, including the true and correct Recitals above, inclusive of all definitions contained therein, that are incorporated by reference herein as operative covenants and specifically relied upon by the Parties in executing this Agreement, constitutes the entire agreement and understanding among and between the Parties and supersedes any and all other agreements whether oral or written between the Parties.

7.5 Amendments and Modifications: This Agreement may only be amended or modified through writing executed by all the Parties.

7.6 Choice of Forum: This Agreement shall be deemed to have been executed and delivered within the State of California; the rights and obligations of the Parties hereunder shall be governed, construed and enforced in accordance with the laws of the State of California. The venue for any dispute arising from or related to this Agreement, its performance, and its interpretation shall be the Superior Court of California, County of Santa Clara.

7.7 Damages: The Parties agree (i) that the performance of the obligations of this Agreement are paramount, (ii) that, in the event of a breach, monetary damages will provide inadequate relief, and (iii) that each may seek equitable relief to enforce such obligations. In the event of litigation to enforce this Agreement, the prevailing party shall be entitled to reimbursement for costs and reasonable attorney's fees.

7.8 Authorized Signatory: Each Party represents and warrants to each other Party that its signature to this Agreement has the authority to bind the Party, and this Agreement does in fact bind the Party.

7.9 Execution in Counterparts: This Agreement may be executed in one or more counterparts, which together shall be deemed one original agreement. Execution via facsimile and electronic mail shall be acceptable to bind a Party as an original.



IN WITNESS WHEREOF, the Parties, have executed this Settlement Agreement as of the date specified on the first page of this Agreement.

Petitioner:

By \_\_\_\_\_  
Local Agency Formation Commission  
of Santa Clara County

Respondent:

By \_\_\_\_\_  
City of Gilroy



**LAFCO MEETING:** April 6, 2016  
**TO:** LAFCO  
**FROM:** Neelima Palacherla, Executive Officer  
**SUBJECT:** PROPOSED LAFCO BUDGET FOR FISCAL YEAR 2017

### **STAFF RECOMMENDATION**

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1. Select the additional LAFCO staffing/funding option and adopt the Proposed Budget for Fiscal Year 2016-2017.
2. Find that the Proposed Budget for Fiscal Year 2017 is expected to be adequate to allow the Commission to fulfill its statutory responsibilities.
3. Authorize staff to transmit the Proposed Budget adopted by the Commission including the estimated agency costs as well as the LAFCO public hearing notice on the adoption of the Fiscal Year 2016 Final Budget to the cities, the special districts, the County, the Cities Association and the Special Districts Association.

### **BACKGROUND**

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#### **LAFCO Budget Process Requirements**

The Cortese Knox Hertzberg Local Government Reorganization Act of 2000 (CKH Act) which became effective on January 1, 2001, requires LAFCO, as an independent agency, to annually adopt a draft budget by May 1 and a final budget by June 15 at noticed public hearings. Both the draft and the final budgets are required to be transmitted to the cities, the special districts and the County. Government Code §56381(a) establishes that at a minimum, the budget must be equal to that of the previous year unless the Commission finds that reduced staffing or program costs will nevertheless allow it to fulfill its statutory responsibilities. Any unspent funds at the end of the year may be rolled over into the next fiscal year budget. After adoption of the final budget by LAFCO, the County Auditor is required to apportion the net operating expenses of the Commission to the agencies represented on LAFCO.

LAFCO and the County of Santa Clara entered into a Memorandum of Understanding (MOU)(effective since July 2001), under the terms of which, the County provides staffing, facilities, and services to LAFCO. The associated costs are reflected in the proposed LAFCO budget. LAFCO is a stand-alone, separate fund within the County’s accounting/budget system and the LAFCO budget information is formatted using the County’s account descriptions/codes.

**Fiscal Year 2016-2017 Budget Timeline**

Dates	Staff Tasks / LAFCO Action
March 14 - April 6	Notice period, Draft Budget posted on LAFCO website and available for review and comment
April 6	LAFCO public hearing on adoption of Draft Budget
April 7	Draft Budget, draft apportionments and LAFCO public hearing notice on Final Budget transmitted to agencies
June 1	Public hearing and adoption of Final Budget
June 1 - July 1	Final Budget transmitted to agencies; Auditor requests payment from agencies

**LAFCO FINANCE COMMITTEE**

At its February 3, 2016 LAFCO meeting, the Commission appointed Commissioners Tucker, Wasserman and Wilson, to the LAFCO Finance Committee, and directed the Committee to develop a draft budget for Commission consideration.

The Finance Committee held a meeting on March 4, 2016. Commissioners Wasserman and Wilson attended the Finance Committee meeting. The Committee discussed issues related to the budget including the highlights and progress on the current year work plan, and the status of the current year budget.

The Finance Committee discussed the need for additional staffing; concurred with staff recommendation that increased staffing levels are necessary to allow LAFCO to meet its responsibilities; and recommended that staff develop three staffing options for the full commission’s consideration.

Please see discussion (starting on Page 4) of the alternative staffing options and their fiscal implications to the LAFCO budget and its funding agencies.

**STATUS OF CURRENT YEAR (FISCAL YEAR 2016) WORK PLAN AND BUDGET**

**Attachment A** depicts the current status of the work items/projects in the Fiscal Year 2016 Work Program. The major focus of LAFCO’s work in FY 2016 was the completion of service reviews and sphere of influence updates for the 15 cities; and the review and evaluation of large, complex urban service area amendment applications. The LAFCO

Annual Report which will be published at the end of the current fiscal year will document all the applications processed by LAFCO and the various activities/projects that LAFCO has completed in Fiscal Year 2016.

**Attachment B** depicts the current Fiscal Year budget status. The adopted LAFCO budget for FY 2016 is \$819,843. Based on information through the end of February 2015, total year-end projected expenditures for FY 2016 would be approximately \$108,000 (13%) less than the adopted budget for FY 2016. Actual revenue for FY 2016 is projected to be approximately the same as that in the adopted budget for FY 2016. The County, the cities and the independent special districts paid their respective shares of LAFCO's FY 2016 costs as apportioned by the County Controller. The actual fund balance rolled over at the end of FY 2015 was \$187,310, which is approximately \$62,000 (\$187,310- \$124,839) more than projected in the adopted FY 2016 budget.

It is projected that there will be a savings or fund balance of approximately \$170,894 at the end of Fiscal Year 2016, which will be carried over to reduce the proposed Fiscal Year 2017 costs for the funding agencies (cities, independent special districts and the County).

$$\begin{aligned} \text{Proj. Year-End [FY 16] Fund Balance} &= (\text{Projected Year-End [FY 16] Revenue} + \text{Actual} \\ &\quad \text{Fund Balance from Previous Fiscal Year [FY 15]} + \\ &\quad \text{Funds Received from Local Agencies in FY 16}) - \\ &\quad (\text{Projected Year-End [FY 16] Expenses}) \\ &= (\$33,000 + 187,310 + \$662,004) - \$711,420 \\ &= \$170,894 \end{aligned}$$

Please note that the fund balance excludes the \$150,000 set aside as a reserve, which is expected to be unused at the end of FY 2016 and will be rolled over to the next year as-is and maintained as the reserve.

### **PROPOSED WORK PROGRAM FOR FISCAL YEAR 2016-2017**

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LAFCO is mandated by the state to process jurisdictional boundary change applications in accordance with provisions of the Cortese Knox Hertzberg Act. Associated with this mandate, LAFCO has several responsibilities/requirements including but not limited to adopting written policies and procedures, maintaining a website, serving as a conducting authority for protest proceedings and conducting public hearings and providing adequate public notice. Other state mandates for LAFCO include preparation of service reviews and the corresponding sphere of influence review and update for each city and special district within the county.

The LAFCO work program for FY 2016- 2017 is presented in **Attachment C**. Santa Clara LAFCO has completed two rounds of service reviews for each of the cities and districts under LAFCO jurisdiction. In FY 2017, LAFCO will evaluate its previous studies and develop a work plan for conducting future service reviews. Other items that LAFCO was unable to make significant progress on during the current year due to its heavy application workload, will be pursued next year. These items include the development of a public information / communications strategy, development of or collaboration on

programs to improve our local community's understanding of the importance of preserving agricultural lands, revision of the LAFCO fee schedule, and publication of an updated wall map of city boundaries. In other areas of work, including island annexations, application processing, public outreach/communication and administration, it is similar to the work plan for the current year.

### **PROPOSED BUDGET: FISCAL YEAR 2016-2017**

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The Finance Committee recommended for the full Commission's consideration and approval –the Proposed Budget for Fiscal Year 2016-2017 (See Attachment D), based on selection of the LAFCO staffing option. The following is a detailed itemization of the proposed budget.

#### **EXPENDITURES**

Expenditures are divided into two main sections: Staff Salary and Benefits (Object 1), and Services and Supplies (Object 2).

#### **OBJECT 1. SALARIES AND BENEFITS**

This includes salary and benefits for the three current LAFCO staff positions including Executive Officer, Analyst and Clerk, which are all staffed through the County Executive's Office. **The County projects that the salaries and benefits for the three existing LAFCO position would be \$514,370 in FY 2017.** The proposed amount is based on the best available projections from the County. Any further changes to the projections for these three positions that occur within the next couple of months will be reflected in the Final LAFCO budget.

#### **Proposed Additional Staffing for the LAFCO Program**

As mentioned on Page 2 of this Staff Report, the Finance Committee concurred that increased staffing levels are necessary to allow LAFCO to meet its responsibilities, which have progressively and substantially expanded over the past 15 years, due to changes in State law, emerging issues, and related new initiatives in the county and region. Staff augmentation will greatly assist the LAFCO Office in its ongoing efforts to implement the priority goals established by the Commission in 2012, of clarifying and strengthening LAFCO's policies, providing greater oversight of local agencies, and increasing visibility and public awareness of LAFCO and its mandate. It will also allow for greater cross training of staff and support succession planning efforts that ensure consistency, continuity, and reliability in the services that LAFCO provides to affected agencies and the community.

The Finance Committee recommended that staff present the following increased staffing/funding options for the full commission's consideration. The proposed options include:

**Staffing/Budget Option #1:       \$674,370**

**Add 1.00 FTE for a LAFCO Analyst position (i.e., create a unique classification staffed at the general level of a Senior Management Analyst / Management Analyst position), and appropriate related services and supplies expenditure.**

The anticipated salary and benefits cost of this recommended position is approximately \$160,000. To cover the incremental costs for services and supplies associated with this added position an additional \$2,000 in annual as well as a one-time appropriation of \$8,000 to provide needed computer, equipment, and office setup requirements, is necessary. The total ongoing cost is \$162,000. The total one-time cost is \$8,000.

As seen in Attachment D, under Option 1, this additional cost (\$170,000) of adding a 1.0 FTE position combined with a proposed \$25,000 reduction in consultant costs, will bring LAFCO's total expenditures amount for FY 2017 to \$936,227. While the proposed FY 2017 total expenditures would be more than FY 2016 adopted expenditures by approximately \$116,000, LAFCO's net operating expenses would only increase by approximately \$70,000 from the previous fiscal year. (i.e., from \$662,004 in FY 2016 to \$732,333 in FY 2017). The corresponding cost to the County will therefore increase by approximately \$23,500 and the total cities' and total special districts' shares will also increase by approximately \$23,500 from the previous fiscal year costs.

**Staffing/Budget Option #2:       \$594,370**

**Add 0.5 FTE for a LAFCO Analyst position (i.e., create a unique classification staffed at the general level of a Senior Management Analyst / Management Analyst position), and appropriate related services and supplies expenditure.**

The anticipated salary and benefits cost for this position on a part-time (halftime salary and pro-rated benefits) basis is approximately \$80,000. To cover the incremental costs for services and supplies associated with this added position an additional \$2,000 in annual as well as a one-time appropriation of \$8,000 to provide needed computer, equipment, and office setup requirements, is necessary. The total ongoing cost is \$82,000. The total one-time cost is \$8,000.

Again, as seen in Attachment D, under Option 2, this additional cost (\$90,000) of adding a 0.5 FTE position will bring LAFCO's total expenditures amount to \$881,227. While the proposed FY 2017 total expenditures would be more than the FY 2016 adopted expenditures by approximately \$61,000, LAFCO's net operating expenses would only increase by approximately \$15,000 from the previous fiscal year. (i.e., from \$662,004 in FY 2016 to \$677,333 in FY 2017). The corresponding cost to the County will increase by approximately \$5,000 and the total cities' and total special districts' shares will also increase by approximately \$5,000 from the previous fiscal year costs.

**Staffing / Budget Option #3: \$514,370**

**No change in staffing levels.**

There would be no increase in salary and benefit amounts under this option. Rather, LAFCO would hire a contractor on an as-needed basis during periods of heavy workload.

This option does not address the program's needs because 1.) the need for staffing augmentation is year-round rather than for a short period of time; 2.) the nature and level of work expertise will require the new staff person to have detailed knowledge of local policies and procedures, which can only be developed over-time with training and experience within the office; 3.) training a new staff person is a significant investment of the Office's time and resources and potentially having to continuously train new contractors is not practical; 4.) contractor option would not allow for a more permanent delegation of duties, which is necessary to ultimately free up EO's time for tasks best suited for the EO. For these reasons this option is not recommended.

**OBJECT 2. SERVICES AND SUPPLIES**

**5255100 INTRA-COUNTY PROFESSIONAL \$45,000**

This amount includes costs for services from various County agencies such as the County Surveyor's Office, the County Assessors' Office, and the Registrar of Voters etc.

The County Surveyor assists with map review and approval for boundary change proposals. In addition, the Surveyor's Office also assists with research to resolve boundary discrepancies. It is estimated that 250 to 300 hours of service will be required in the next fiscal year.

The County Assessor's Office prepares reports for LAFCO and the Registrar of Voters provides data, necessary for processing LAFCO applications. This item also allows LAFCO to seek GIS mapping services including maintenance and technical assistance from the County Planning Office, as necessary.

**5255800 LEGAL COUNSEL \$65,000**

This item covers the cost for general legal services for the fiscal year. In February 2009, the Commission retained the firm of Best Best & Krieger for legal services on a monthly retainer. The contract was amended in 2010 to reduce the number of total hours required to 240 hours per year. The contract sets the hourly rate and allows for an annual automatic adjustment to the rates based on the Consumer Price Index (CPI). The monthly retainer for FY 2017 increases to \$5,034, based on a 2.6% increase in the Consumer Price Index for the prior calendar year 2015.

**5255500 CONSULTANT SERVICES \$75,000 or \$100,000 based on Selected Budget Option**

This item is allocated for hiring consultants to assist LAFCO with special projects. This year, the amount is allocated for hiring consultants to develop a public information /



communications strategy and for programs to improve our local community's understanding of the importance of preserving agricultural lands.

**5285700 MEAL CLAIMS \$750**

This item is being maintained at \$750.

**5220200 INSURANCE \$7,000**

This item is for the purpose of purchasing general liability insurance and workers' compensation coverage for LAFCO. In 2010, LAFCO switched from the County's coverage to the Special District Risk Management Authority (SDRMA), for the provision of general liability insurance. Additionally, LAFCO also obtains workers' compensation coverage for its commissioners from SDRMA. Workers' compensation for LAFCO staff is currently covered by the County and is part of the payroll charge. Workers Compensation coverage costs are estimated at \$6,200 and General Liability insurance costs are estimated at \$700 in Fiscal Year 2017.

**5250100 OFFICE EXPENSES \$2,000 or \$12,000 based on Selected Budget Option**

This item includes funds for purchase of books, periodicals, small equipment and supplies throughout the year, including computer and office set up needs for new staffing.

**5255650 DATA PROCESSING SERVICES \$5,000**

This item includes costs associated with County Information Services Department providing IT services to the LAFCO program which include: Techlink Center Services, Integrated Workplace Management System, Enterprise Content Management, Security and Privacy and Claranet - the County network. Additionally, this item also includes costs associated with hosting the LAFCO website by an outside provider.

**5225500 COMMISSIONER'S FEES \$10,000**

This item covers the \$100 per diem amount for LAFCO commissioners and alternate commissioners to attend LAFCO meetings and committee meetings in the Fiscal Year 2017.

**5260100 PUBLICATIONS AND LEGAL NOTICES \$2,500**

This is being maintained at \$2,500 and includes costs associated with publication of hearing notices for LAFCO applications and other projects/ studies, as required by state law.

**5245100 MEMBERSHIP DUES \$8,107**

This amount includes funding for membership dues to CALAFCO - the California Association of LAFCOs. The CALAFCO Board, in July 2015, voted to increase LAFCO member dues by 7% for two years beginning in FY 2016-2017. At their meeting in February 2016, the Board considered and decided not to also increase the dues by the CPI increase as allowed by its bylaws. As a result, the 2017 CALAFCO dues will increase to \$8,107.

**5250750 PRINTING AND REPRODUCTION \$1,500**

This covers printing expenses for reports such as service reviews or other studies.

**5285800 BUSINESS TRAVEL \$16,000**

This item includes costs incurred by staff and commissioners to attend conferences and workshops. It would cover air travel, accommodation, conference registration and other expenses at the conferences. CALAFCO annually holds a Staff Workshop and an Annual Conference that is attended by commissioners as well as staff. In addition, this item covers expenses for travel to the CALAFCO Legislative Committee meetings. The Executive Officer serves on the CALAFCO Legislative Committee.

**5285300 PRIVATE AUTOMOBILE MILEAGE \$2,000**

This item provides for mileage reimbursement when staff travels by private car to conduct site visits and attend meetings / training sessions.

**5285200 TRANSPORTATION AND TRAVEL (for use of County car) \$1,000**

This item would cover costs associated with the use of a County vehicle for travel to conferences, workshops, site visits and meetings.

**5281600 OVERHEAD (\$666)**

This is an amount established by the County Controller's Office, for service rendered by various County departments that do not directly bill LAFCO. The overhead includes LAFCO's share of the County's FY 2016 Cost Allocation Plan which is based on actual overhead costs from FY 2015 – the most recent year for which actual costs are available. This amount totals to \$19,910 and includes the following charges from:

County Executive's Office:	\$588
Controller-Treasurer:	\$4,863
Employee Services Agency:	\$2,948
OBA:	\$1,573
Other Central Services:	\$130
ISD Intergovernmental Service:	\$5,272
ISD:	\$4,529
Procurement:	\$7

Secondly, a "roll forward" is applied which is calculated by comparing FY 2015 Cost Plan estimates with FY 2015 actuals. The FY 2015 cost estimates were higher than the actuals by \$20,576. As noted above, the FY 2016 cost is only \$19,910; the difference of \$666 will therefore be credited to LAFCO in the FY 2017 Cost Plan. This is a state requirement.

**5275200 COMPUTER HARDWARE \$3,000**

This item is designated for any required hardware upgrades / purchases.

**5250800 COMPUTER SOFTWARE \$4,000**

This amount is designated for computer software purchases, and annual licenses for GIS software and records management (LaserFische) hardware/software annual maintenance agreement.

**5250250 POSTAGE \$2,000**

This amount covers postage costs associated with mailing notices, agendas, agenda packets and other correspondence and is being maintained at \$2,000.

**5252100 TRAINING PROGRAMS \$2,000**

This item covers the costs associated with attendance at staff development courses and seminars. CALAFCO conducts CALAFCO University Courses throughout the year on topics of relevance to LAFCO.

**5701000 RESERVES \$0**

No additional funds are budgeted for reserves in FY 2017.

**REVENUES**

**4103400 APPLICATION FEES \$30,000**

It is anticipated that LAFCO will receive approximately \$30,000 in fees from processing applications. The actual amount earned from fees depends entirely on the level of application activity.

**4301100 INTEREST \$3,000**

It is estimated that LAFCO will receive an amount of approximately \$3,000 from interest earned on LAFCO funds.

**RESERVES**

**3400800 RESERVES \$150,000**

This item includes reserves for two purposes: litigation reserve - for use if LAFCO is involved with any litigation and contingency reserve - to be used for unexpected expenses. If used during the year, this account will be replenished in the following year. Since 2012, the reserves have been retained in a separate Reserves account, thus eliminating the need for LAFCO to budget each year for this purpose. LAFCO currently retains \$150,000 in reserves separate from operating expenses. No additional funds are budgeted for this purpose in FY 2017.

**COST APPORTIONMENT TO CITIES, INDEPENDENT SPECIAL DISTRICTS AND COUNTY**

In January 2013, independent special districts were seated on LAFCO. Government Code §56381(b)(1)(A) provides that when independent special districts are represented on

LAFCO, the county, cities and independent special districts must each provide a one-third share of LAFCO's operational budget.

The City of San Jose has permanent membership on LAFCO pursuant to Government Code Section 56327. As required by Government Code §56381.6(b), the City of San Jose's share of LAFCO costs must be in the same proportion as its member bears to the total membership on the commission, excluding the public member. The remaining cities' share must be apportioned in proportion to each city's total revenues, as reported in the most recent edition of the Cities Annual Report published by the Controller, as a percentage of the combined city revenues within a county.

Government Code Section 56381 provides that the independent special districts' share shall be apportioned in proportion to each district's total revenues as a percentage of the combined total district revenues within a county. The Santa Clara County Special Districts Association (SDA), at its August 13, 2012 meeting, adopted an alternative formula for distributing the independent special districts' share to individual districts. The SDA's agreement requires each district's cost to be based on a fixed percentage of the total independent special districts' share.

Therefore in Santa Clara County, the County pays a third of LAFCO's operational costs, the independent special districts pay a third, the City of San Jose pays one sixth and the remaining cities pay one sixth. Government Code §56381(c) requires the County Auditor to request payment from the cities, independent special districts and the County no later than July 1 of each year for the amount each agency owes based on the net operating expenses of the Commission and the actual administrative costs incurred by the Auditor in apportioning costs and requesting payment.

#### **Calculation of Net Operating Expenses**

FY 2017 Net Operating Expenses = (Proposed FY 2017 Expenditures) - (Proposed FY 2017 Fee & Interest Revenues + Projected Fund Balance from FY 2016)  
= \$732,333 (Budget Option 1)  
= \$677,333 (Budget Option 2)  
= \$587,333 (Budget Option 3)

Please note that the projected operating expenses for FY 2017 are based on projected savings and expenses for the current year. Further revisions may be needed as we get a better indication of current year expenses/revenues towards the end of this fiscal year. Additionally, a more accurate projection of costs/revenues for the upcoming fiscal year could become available, particularly for employee salary/benefits. This could result in changes to the proposed net operating expenses for FY 2017 which could in turn impact the costs for each of the agencies. The following is a draft apportionment to the agencies based on the proposed net operating expenses for FY 2017.

<b>Proposed FY 2017 Budget Options</b>				
<b>Cost to Agencies</b>	<b>FY 2016</b>	<b>Option 1</b>	<b>Option 2</b>	<b>Option 3</b>
County of Santa Clara	\$220,668	\$244,111	\$225,778	\$195,778
City of San Jose	\$110,334	\$122,055	\$112,889	\$97,889
Remaining 14 Cities in the County	\$110,334	\$122,055	\$112,889	\$97,889
17 Independent Special Districts	\$220,668	\$244,111	\$225,778	\$195,778

Apportionment of the costs among the 14 cities and among the 17 independent special districts will be calculated by the County Controller's Office after LAFCO adopts the final budget in June. In order to provide each of the cities and districts with a general indication of their costs in advance, **Attachment E** includes draft estimated apportionments based on the selected budget option.

#### **ATTACHMENTS**

- Attachment A: Status of FY 2016 Work Plan
- Attachment B: Status of FY 2016 Budget
- Attachment C: Proposed Work Program for Fiscal Year 2017
- Attachment D: Proposed LAFCO Budget for Fiscal Year 2017
- Attachment E: Estimated Costs to Agencies Based on the Proposed Budget



Status of Current Year (FY 2016) WORK PLAN Attachment A

	PROJECTS	Status
SERVICE REVIEWS & SPHERE OF INFLUENCE UPDATES	Cities Service Review	Complete, December 2015
	Follow up on implementation of recommendations from Cities Service Review	TBD
	Follow up from Special Districts Service Review	Complete
	Follow up on Water Service Review Report recommendations	In progress, potential dissolution of Pacheco Pass Water District
	Follow up on Fire Service Review Report recommendations: Los Altos Hills Fire District reserves	TBD
ISLAND ANNEXATIONS	Conduct outreach to cities with islands, follow up on responses including review/research of city limits/ USA boundaries, provide assistance with potential annexations and potential USA amendments	Ongoing, as needed
	Review and finalize city-conducted island annexations	Ongoing, as needed
LAFCO APPLICATIONS	Process applicant initiated LAFCO proposals	Ongoing, Morgan Hill USA application
	Comment on potential LAFCO applications, City General Plan updates and/ or related environmental documents	Ongoing, Morgan Hill, Gilroy GP Updates and USA amendment projects
	Respond to public enquiries re. LAFCO policies, procedures and filing requirements for LAFCO applications	Ongoing, as needed
PUBLIC OUTREACH / COMMUNICATION	Maintain boundaries of cities and special districts in GIS	Ongoing, as needed
	Develop a public information / communications strategy	TBD
	Publish updated wall map of cities	In progress
	Participate in CALAFCO conferences / workshops	Ongoing, as needed
	Conduct workshops and/or make presentations re. LAFCO program, policies and procedures to local agencies, organizations, commissioners, community groups, staff	Ongoing, as needed
	Participate in local, regional, statewide organizations: SDA, SCCAPO, CALAFCO, GIS Working Group	Ongoing, as needed
ADMINISTRATION	Track LAFCO related legislation (CALAFCO Legislative Committee)	Ongoing, as needed
	Maintain and enhance LAFCO Website /mapping	Ongoing, as needed
	Maintain LAFCO database	Ongoing, as needed
	Maintain LAFCO's electronic document management system (archiving LAFCO records)	Ongoing, as needed
	Prepare Annual Report	October 2015
	Staff training and development	Ongoing, as needed
	Staff performance evaluation	April 2016
	Prepare budget, work plan, fee schedule revisions	Ongoing, Fee Schedule revision in progress
OTHER	Review and update policies and procedures	Ongoing, comprehensive effort- TBD
	Mapping Mutual Water companies	In progress
	Program to improve community's understanding of the importance of agriculture to future of Santa Clara County	Ongoing - TBD





## FY 2016 LAFCO BUDGET STATUS

ITEM # TITLE	ACTUALS FY 2008	ACTUALS FY 2009	ACTUALS FY 2010	ACTUALS FY 2011	ACTUALS FY 2012	ACTUALS FY 2013	ACTUALS FY 2014	ACTUALS FY 2015	APPROVED 2016	YEAR TO DATE 2/25/2016	YEAR END PROJECTIONS 2016
<b>EXPENDITURES</b>											
Salary and Benefits	\$356,009	\$400,259	\$406,650	\$413,966	\$393,194	\$411,929	\$450,751	\$466,755	\$499,823	\$298,144	\$480,000
Object 2: Services and Supplies											
5255100 Intra-County Professional	\$66,085	\$57,347	\$13,572	\$4,532	\$6,118	\$5,260	\$5,663	\$4,379	\$45,000	\$2,036	\$7,000
5255800 Legal Counsel	\$0	\$9,158	\$67,074	\$52,440	\$48,741	\$56,791	\$53,550	\$52,854	\$59,000	\$24,396	\$75,000
5255500 Consultant Services	\$19,372	\$75,000	\$76,101	\$58,060	\$102,349	\$59,563	\$35,602	\$37,250	\$100,000	\$31,975	\$50,000
5285700 Meal Claims	\$0	\$368	\$277	\$288	\$379	\$91	\$228	\$209	\$750	\$45	\$350
5220100 Insurance	\$491	\$559	\$550	\$4,582	\$4,384	\$4,378	\$4,231	\$4,338	\$5,600	\$4,135	\$5,600
5250100 Office Expenses	\$1,056	\$354	\$716	\$639	\$1,212	\$536	\$850	\$783	\$2,000	\$187	\$1,000
5255650 Data Processing Services	\$8,361	\$3,692	\$3,505	\$1,633	\$3,384	\$1,663	\$3,311	\$9,024	\$7,100	\$2,450	\$7,100
5225500 Commissioners' Fee	\$5,700	\$5,400	\$3,500	\$3,400	\$4,000	\$4,900	\$5,800	\$4,900	\$10,000	\$2,700	\$8,000
5260100 Publications and Legal Notices	\$1,151	\$563	\$1,526	\$363	\$916	\$222	\$378	\$2,484	\$2,500	\$393	\$1,000
5245100 Membership Dues	\$5,500	\$7,000	\$7,000	\$7,000	\$7,000	\$14,473	\$0	\$7,428	\$7,577	\$7,577	\$7,577
5250750 Printing and Reproduction	\$5	\$0	\$0	\$0	\$0	\$0	\$9	\$177	\$1,500	\$0	\$1,000
5285800 Business Travel	\$7,238	\$8,415	\$4,133	\$8,309	\$3,095	\$4,777	\$5,800	\$4,042	\$15,000	\$3,989	\$8,000
5285300 Private Automobile Mileage	\$1,016	\$704	\$832	\$1,185	\$615	\$424	\$409	\$396	\$2,000	\$136	\$600
5285200 Transportation&Travel (County Car Us	\$894	\$948	\$629	\$0	\$384	\$250	\$371	\$293	\$1,000	\$302	\$500
5281600 Overhead	\$42,492	\$62,391	\$49,077	\$46,626	\$60,647	\$43,133	\$42,192	\$34,756	\$49,993	\$24,997	\$49,993
5275200 Computer Hardware	\$0	\$451	\$0	\$83	\$2,934	\$1,791	\$2,492	\$0	\$3,000	\$106	\$3,000
5250800 Computer Software	\$0	\$0	\$626	\$314	\$579	\$3,124	\$933	\$1,833	\$4,000	\$854	\$4,000
5250250 Postage	\$1,160	\$416	\$219	\$568	\$309	\$589	\$246	\$597	\$2,000	\$244	\$700
5252100 Staff Training Programs	\$0	\$665	\$491	\$250	\$300	\$0	\$0	\$1,431	\$2,000	\$0	\$1,000
5701000 Reserves	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
<b>TOTAL EXPENDITURES</b>	<b>\$516,530</b>	<b>\$633,691</b>	<b>\$636,478</b>	<b>\$604,238</b>	<b>\$640,540</b>	<b>\$613,895</b>	<b>\$612,816</b>	<b>\$633,929</b>	<b>\$819,843</b>	<b>\$404,666</b>	<b>\$711,420</b>
<b>REVENUES</b>											
4103400 Application Fees	\$46,559	\$41,680	\$35,576	\$48,697	\$37,426	\$45,458	\$63,561	\$27,386	\$30,000	\$26,559	\$30,000
4301100 Interest: Deposits and Investments	\$24,456	\$16,230	\$6,688	\$4,721	\$4,248	\$3,416	\$2,674	\$2,844	\$3,000	\$2,518	\$3,000
<b>Savings/Fund Balance from previous FY</b>	<b>\$271,033</b>	<b>\$368,800</b>	<b>\$334,567</b>	<b>\$275,605</b>	<b>\$209,987</b>	<b>\$208,219</b>	<b>\$160,052</b>	<b>\$226,111</b>	<b>\$124,839</b>	<b>\$187,310</b>	<b>\$187,310</b>
<b>TOTAL REVENUE</b>	<b>\$342,048</b>	<b>\$426,711</b>	<b>\$376,831</b>	<b>\$329,023</b>	<b>\$251,661</b>	<b>\$257,092</b>	<b>\$226,287</b>	<b>\$256,341</b>	<b>\$157,839</b>	<b>\$216,387</b>	<b>\$220,310</b>
<b>NET LAFCO OPERATING EXPENSES</b>	<b>\$174,482</b>	<b>\$206,980</b>	<b>\$259,648</b>	<b>\$275,215</b>	<b>\$388,879</b>	<b>\$356,802</b>	<b>\$386,529</b>	<b>\$377,588</b>	<b>\$662,004</b>	<b>\$188,279</b>	<b>\$491,110</b>
3400800 RESERVES			\$100,000	\$100,000	\$150,000	\$150,000	\$150,000	\$150,000	\$150,000	\$150,000	\$150,000
<b>COSTS TO AGENCIES</b>											
5440200 County	\$271,641	\$270,896	\$267,657	\$292,601	\$298,597	\$281,780	\$156,002	\$187,521	\$220,668	\$220,668	\$220,668
4600100 Cities (San Jose 50% +other cities 50%	\$271,641	\$270,896	\$267,657	\$292,601	\$298,597	\$282,625	\$156,002	\$187,521	\$220,668	\$220,668	\$220,668
Special Distrcits							\$296,892	\$187,521	\$220,668	\$220,668	\$220,668

AGENDA ITEM # 5  
Attachment B



**AGENDA ITEM # 5**  
**Attachment C**

**PROPOSED WORK PLAN FOR FISCAL YEAR 2017**

	<b>PROJECTS</b>	<b>TIME FRAME</b>	<b>RESOURCES</b>
<b>SERVICE REVIEWS &amp; SPHERE OF INFLUENCE</b>	Special Studies / Service Reviews	TBD	Consultant
	Follow up on implementation of recommendations from Cities Service Review	TBD	Staff
	Follow up on Water Service Review Report recommendations: PPWD	In progress	Staff
	Follow up on Fire Service Review Report recommendations: Los Altos Hills Fire District reserves	TBD	Staff
<b>ISLAND ANNEXATIONS</b>	Conduct outreach to cities with islands, follow up on responses including review/research of city limits/ USA boundaries, provide assistance with potential annexations and potential USA amendments	Ongoing, as needed	Staff
	Review and finalize city-conducted island annexations	Ongoing, as needed	Staff
<b>LAFCO APPLICATIONS</b>	Process applicant initiated LAFCO proposals	Ongoing, as needed	Staff
	Comment on potential LAFCO applications, City General Plan updates and/ or related environmental documents	Ongoing extensive work, as needed	Staff
	Respond to public enquiries re. LAFCO policies, procedures and filing requirements for LAFCO applications	Ongoing, as needed	Staff
<b>PUBLIC OUTREACH / COMMUNICATION</b>	Maintain boundaries of cities and special districts in GIS	Ongoing, as needed	Staff
	Develop a public information /communications strategy	TBD	Consultant / staff
	Participate in CALAFCO conferences / workshops	Ongoing, as needed	Staff
	Conduct workshops and/or make presentations re. LAFCO program, policies and procedures to local agencies, organizations, commissioners, community groups, staff	Ongoing, as needed	Staff
	Participate in local, regional, statewide organizations: SDA, SCCAPO, CALAFCO, GIS Working Group	Ongoing, as needed	Staff
<b>ADMINISTRATION</b>	Track LAFCO related legislation (CALAFCO Legislative Committee)	Ongoing, as needed	Staff
	Maintain and enhance LAFCO Website / mapping	Ongoing, as needed	Staff
	Maintain LAFCO database	Ongoing, as needed	Staff
	Maintain LAFCO's electronic document management system (archiving LAFCO records)	Ongoing, as needed	Staff
	Prepare Annual Report	August 2016	Staff
	Staff training and development	Ongoing	Staff
	Staff performance evaluation	February - April 2017	Staff, LAFCO
	Prepare budget, work plan, fee schedule revisions	Ongoing, as needed	Staff
<b>OTHER</b>	Review and update policies and procedures	Ongoing	Staff
	Mapping Mutual Water companies	Ongoing	Staff
	Program to improve community's understanding of the importance of agriculture to future of Santa Clara County / Participation in the County / OSA's SALC Plan	In progress - TBD	Consultant/ staff



**PROPOSED LAFCO BUDGET  
FISCAL YEAR 2016 - 2017**

**AGENDA ITEM # 5  
Attachment D**

ITEM # TITLE	APPROVED BUDGET FY 2016	ACTUALS Year to Date 2/25/2016	PROJECTED Year End 2016	PROPOSED FY 2017 BUDGET		
				OPTION 1: Add 1.0 FTE	OPTION 2: Add 0.5 FTE	OPTION 3: No Staffing Change
<b>EXPENDITURES</b>						
Object 1: Salary and Benefits	\$499,823	\$298,144	\$480,000	\$674,370	\$594,370	\$514,370
Object 2: Services and Supplies						
5255100 Intra-County Professional	\$45,000	\$2,036	\$7,000	\$45,000	\$45,000	\$45,000
5255800 Legal Counsel	\$59,000	\$24,396	\$75,000	\$65,000	\$65,000	\$65,000
5255500 Consultant Services	\$100,000	\$31,975	\$50,000	\$75,000	\$100,000	\$100,000
5285700 Meal Claims	\$750	\$45	\$350	\$750	\$750	\$750
5220100 Insurance	\$5,600	\$4,135	\$5,600	\$7,000	\$7,000	\$7,000
5250100 Office Expenses	\$2,000	\$187	\$1,000	\$12,000	\$12,000	\$2,000
5255650 Data Processing Services	\$7,100	\$2,450	\$7,100	\$5,000	\$5,000	\$5,000
5225500 Commissioners' Fee	\$10,000	\$2,700	\$8,000	\$10,000	\$10,000	\$10,000
5260100 Publications and Legal Notices	\$2,500	\$393	\$1,000	\$2,500	\$2,500	\$2,500
5245100 Membership Dues	\$7,577	\$7,577	\$7,577	\$8,107	\$8,107	\$8,107
5250750 Printing and Reproduction	\$1,500	\$0	\$1,000	\$1,500	\$1,500	\$1,500
5285800 Business Travel	\$15,000	\$3,989	\$8,000	\$16,000	\$16,000	\$16,000
5285300 Private Automobile Mileage	\$2,000	\$136	\$600	\$2,000	\$2,000	\$2,000
5285200 Transportation (County Car Usage)	\$1,000	\$302	\$500	\$1,000	\$1,000	\$1,000
5281600 Overhead	\$49,993	\$24,997	\$49,993	\$0	\$0	\$0
5275200 Computer Hardware	\$3,000	\$106	\$3,000	\$3,000	\$3,000	\$3,000
5250800 Computer Software	\$4,000	\$854	\$4,000	\$4,000	\$4,000	\$4,000
5250250 Postage	\$2,000	\$244	\$700	\$2,000	\$2,000	\$2,000
5252100 Staff/Commissioner Training Progr	\$2,000	\$0	\$1,000	\$2,000	\$2,000	\$2,000
5701000 Reserves	\$0	\$0	\$0	\$0	\$0	\$0
<b>TOTAL EXPENDITURES</b>	<b>\$819,843</b>	<b>\$404,666</b>	<b>\$711,420</b>	<b>\$936,227</b>	<b>\$881,227</b>	<b>\$791,227</b>
<b>REVENUES</b>						
4103400 Application Fees	\$30,000	\$26,559	\$30,000	\$30,000	\$30,000	\$30,000
4301100 Interest: Deposits and Investments	\$3,000	\$2,518	\$3,000	\$3,000	\$3,000	\$3,000
<b>TOTAL REVENUE</b>	<b>\$33,000</b>	<b>\$29,077</b>	<b>\$33,000</b>	<b>\$33,000</b>	<b>\$33,000</b>	<b>\$33,000</b>
3400150 <b>FUND BALANCE FROM PREVIOUS FISCAL YEAR</b>	\$124,839	\$187,310	\$187,310	\$170,894	\$170,894	\$170,894
<b>NET OPERATING EXPENSES</b>	<b>\$662,004</b>	<b>\$188,279</b>	<b>\$491,110</b>	<b>\$732,333</b>	<b>\$677,333</b>	<b>\$587,333</b>
3400800 <b>RESERVES</b>	<b>\$150,000</b>	<b>\$150,000</b>	<b>\$150,000</b>	<b>\$150,000</b>	<b>\$150,000</b>	<b>\$150,000</b>
<b>COSTS TO AGENCIES</b>						
5440200 County	\$220,668	\$220,668	\$220,668	\$244,111	\$225,778	\$195,778
4600100 Cities San Jose 50% + Other cities 50%	\$220,668	\$220,668	\$220,668	\$244,111	\$225,778	\$195,778
4600100 Special Districts	\$220,668	\$220,668	\$220,668	\$244,111	\$225,778	\$195,778



**AGENDA ITEM # 5**  
**Attachment E**

**LAFCO COST APPORTIONMENT: County, Cities, Special Districts**  
**Estimated Costs to Agencies Based on the Proposed 2017 LAFCO Budget**

Proposed LAFCO Net Operating Expenses for 2017				<b>\$732,333</b>
Jurisdictions	Revenue per 2012/2013 Report*	Percentage of Total Revenue	Allocation Percentages	Allocated Costs
<b>County</b>	N/A	N/A	33.3333333%	<b>\$244,111.00</b>
<b>Cities Total Share</b>			<b>33.3333333%</b>	<b>\$244,111.00</b>
San Jose	N/A	N/A	50.0000000%	\$122,055.50
Other cities share			50.0000000%	\$122,055.50
Campbell	\$45,748,435	2.2424301%		\$2,737.01
Cupertino	\$67,464,803	3.3068914%		\$4,036.24
Gilroy	\$69,772,278	3.4199959%		\$4,174.29
Los Altos	\$43,811,921	2.1475089%		\$2,621.15
Los Altos Hills	\$10,119,375	0.4960168%		\$605.42
Los Gatos	\$41,851,063	2.0513944%		\$2,503.84
Milpitas	\$114,364,889	5.6057715%		\$6,842.15
Monte Sereno	\$2,536,991	0.1243545%		\$151.78
Morgan Hill	\$73,750,274	3.6149835%		\$4,412.29
Mountain View	\$193,117,780	9.4659660%		\$11,553.73
Palo Alto	\$471,680,558	23.1201504%		\$28,219.42
Santa Clara	\$572,714,606	28.0724902%		\$34,264.02
Saratoga	\$21,788,228	1.0679836%		\$1,303.53
Sunnyvale	\$311,406,350	15.2640628%		\$18,630.63
<b>Total Cities (excluding San Jose)</b>	<b>\$2,040,127,551</b>	<b>100.0000000%</b>		<b>\$122,055.50</b>
<b>Total Cities (including San Jose)</b>				<b>\$244,111.00</b>
<b>Special Districts Total Share</b>			<b>33.3333333%</b>	<b>\$244,111.00</b>
Aldercroft Heights County Water District		0.06233%		\$152.15
Burbank Sanitary District		0.15593%		\$380.64
Cupertino Sanitary District		2.64110%		\$6,447.22
El Camino Healthcare District		4.90738%		\$11,979.45
Guadalupe Coyote Resource Conservation District		0.04860%		\$118.64
Lake Canyon Community Services District		0.02206%		\$53.85
Lion's Gate Community Services District		0.22053%		\$538.34
Loma Prieta Resource Conservation District		0.02020%		\$49.31
Midpeninsula Regional Open Space District		5.76378%		\$14,070.02
Purissima Hills Water District		1.35427%		\$3,305.92
Rancho Rinconada Recreation and Park District		0.15988%		\$390.28
San Martin County Water District		0.04431%		\$108.17
Santa Clara County Open Space Authority		1.27051%		\$3,101.45
Santa Clara Valley Water District		81.44126%		\$198,807.09
Saratoga Cemetery District		0.32078%		\$783.06
Saratoga Fire Protection District		1.52956%		\$3,733.82
South Santa Clara Valley Memorial District		0.03752%		\$91.59
<b>Total Special Districts</b>		<b>100.00000%</b>		<b>\$244,111.00</b>
<b>Total Allocated Costs</b>				<b>\$732,333.00</b>

\* As of March 24, 2016, SCO has not posted the FY13-14 Annual Cities Report.

**LAFCO COST APPORTIONMENT: County, Cities, Special Districts**  
**Estimated Costs to Agencies Based on the Proposed 2017 LAFCO Budget**

Proposed LAFCO Net Operating Expenses for 2017				<b>\$677,333</b>
Jurisdictions	Revenue per 2012/2013 Report*	Percentage of Total Revenue	Allocation Percentages	Allocated Costs
<b>County</b>	N/A	N/A	<b>33.3333333%</b>	<b>\$225,777.67</b>
<b>Cities Total Share</b>			<b>33.3333333%</b>	<b>\$225,777.67</b>
San Jose	N/A	N/A	50.0000000%	\$112,888.84
Other cities share			50.0000000%	\$112,888.83
Campbell	\$45,748,435	2.2424301%		\$2,531.45
Cupertino	\$67,464,803	3.3068914%		\$3,733.11
Gilroy	\$69,772,278	3.4199959%		\$3,860.79
Los Altos	\$43,811,921	2.1475089%		\$2,424.30
Los Altos Hills	\$10,119,375	0.4960168%		\$559.95
Los Gatos	\$41,851,063	2.0513944%		\$2,315.80
Milpitas	\$114,364,889	5.6057715%		\$6,328.29
Monte Sereno	\$2,536,991	0.1243545%		\$140.38
Morgan Hill	\$73,750,274	3.6149835%		\$4,080.91
Mountain View	\$193,117,780	9.4659660%		\$10,686.02
Palo Alto	\$471,680,558	23.1201504%		\$26,100.07
Santa Clara	\$572,714,606	28.0724902%		\$31,690.71
Saratoga	\$21,788,228	1.0679836%		\$1,205.63
Sunnyvale	\$311,406,350	15.2640628%		\$17,231.42
<b>Total Cities (excluding San Jose)</b>	<b>\$2,040,127,551</b>	<b>100.0000000%</b>		<b>\$112,888.83</b>
<b>Total Cities (including San Jose)</b>				<b>\$225,777.67</b>
<b>Special Districts Total Share</b>			<b>33.3333333%</b>	<b>\$225,777.66</b>
Aldercroft Heights County Water District		0.06233%		\$140.73
Burbank Sanitary District		0.15593%		\$352.06
Cupertino Sanitary District		2.64110%		\$5,963.01
El Camino Healthcare District		4.90738%		\$11,079.77
Guadalupe Coyote Resource Conservation District		0.04860%		\$109.73
Lake Canyon Community Services District		0.02206%		\$49.81
Lion's Gate Community Services District		0.22053%		\$497.91
Loma Prieta Resource Conservation District		0.02020%		\$45.61
Midpeninsula Regional Open Space District		5.76378%		\$13,013.33
Purissima Hills Water District		1.35427%		\$3,057.64
Rancho Rinconada Recreation and Park District		0.15988%		\$360.97
San Martin County Water District		0.04431%		\$100.04
Santa Clara County Open Space Authority		1.27051%		\$2,868.53
Santa Clara Valley Water District		81.44126%		\$183,876.16
Saratoga Cemetery District		0.32078%		\$724.25
Saratoga Fire Protection District		1.52956%		\$3,453.40
South Santa Clara Valley Memorial District		0.03752%		\$84.71
<b>Total Special Districts</b>		<b>100.00000%</b>		<b>\$225,777.66</b>
<b>Total Allocated Costs</b>				<b>\$677,333.00</b>

\* As of March 24, 2016, SCO has not posted the FY13-14 Annual Cities Report.



**LAFCO COST APPORTIONMENT: County, Cities, Special Districts**  
**Estimated Costs to Agencies Based on the Proposed 2017 LAFCO Budget**

Proposed LAFCO Net Operating Expenses for 2017				<b>\$587,333</b>
Jurisdictions	Revenue per 2012/2013 Report*	Percentage of Total Revenue	Allocation Percentages	Allocated Costs
<b>County</b>	N/A	N/A	33.3333333%	<b>\$195,777.67</b>
<b>Cities Total Share</b>			<b>33.3333333%</b>	<b>\$195,777.67</b>
San Jose	N/A	N/A	50.0000000%	\$97,888.84
Other cities share			50.0000000%	\$97,888.83
Campbell	\$45,748,435	2.2424301%		\$2,195.09
Cupertino	\$67,464,803	3.3068914%		\$3,237.08
Gilroy	\$69,772,278	3.4199959%		\$3,347.79
Los Altos	\$43,811,921	2.1475089%		\$2,102.17
Los Altos Hills	\$10,119,375	0.4960168%		\$485.55
Los Gatos	\$41,851,063	2.0513944%		\$2,008.09
Milpitas	\$114,364,889	5.6057715%		\$5,487.42
Monte Sereno	\$2,536,991	0.1243545%		\$121.73
Morgan Hill	\$73,750,274	3.6149835%		\$3,538.67
Mountain View	\$193,117,780	9.4659660%		\$9,266.12
Palo Alto	\$471,680,558	23.1201504%		\$22,632.04
Santa Clara	\$572,714,606	28.0724902%		\$27,479.83
Saratoga	\$21,788,228	1.0679836%		\$1,045.44
Sunnyvale	\$311,406,350	15.2640628%		\$14,941.81
<b>Total Cities (excluding San Jose)</b>	<b>\$2,040,127,551</b>	<b>100.0000000%</b>		<b>\$97,888.83</b>
<b>Total Cities (including San Jose)</b>				<b>\$195,777.67</b>
<b>Special Districts Total Share</b>			<b>33.3333333%</b>	<b>\$195,777.66</b>
Aldercroft Heights County Water District		0.06233%		\$122.03
Burbank Sanitary District		0.15593%		\$305.28
Cupertino Sanitary District		2.64110%		\$5,170.68
El Camino Healthcare District		4.90738%		\$9,607.55
Guadalupe Coyote Resource Conservation District		0.04860%		\$95.15
Lake Canyon Community Services District		0.02206%		\$43.19
Lion's Gate Community Services District		0.22053%		\$431.75
Loma Prieta Resource Conservation District		0.02020%		\$39.55
Midpeninsula Regional Open Space District		5.76378%		\$11,284.19
Purissima Hills Water District		1.35427%		\$2,651.36
Rancho Rinconada Recreation and Park District		0.15988%		\$313.01
San Martin County Water District		0.04431%		\$86.75
Santa Clara County Open Space Authority		1.27051%		\$2,487.37
Santa Clara Valley Water District		81.44126%		\$159,443.78
Saratoga Cemetery District		0.32078%		\$628.02
Saratoga Fire Protection District		1.52956%		\$2,994.54
South Santa Clara Valley Memorial District		0.03752%		\$73.46
<b>Total Special Districts</b>		<b>100.00000%</b>		<b>\$195,777.66</b>
<b>Total Allocated Costs</b>				<b>\$587,333.00</b>

\* As of March 24, 2016, SCO has not posted the FY13-14 Annual Cities Report.



**LAFCO MEETING:** April 6, 2016  
**TO:** LAFCO  
**FROM:** Neelima Palacherla, Executive Officer  
Dunia Noel, Analyst  
**SUBJECT:** EXECUTIVE OFFICER'S REPORT

## **6.1 UPDATE ON MORGAN HILL URBAN SERVICE AREA AMENDMENT 2015**

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### **For Information Only.**

#### **Additional Comment Letters Received**

Staff received approximately eighteen additional comment letters from the public and other interested parties concerning the Morgan Hill USA Amendment 2015 proposal. These letters were received via email either the night before LAFCO's March 11, 2016 public hearing or the morning of the public hearing or in the days following the public hearing.

Staff was unable to provide these letters to the Commission due to the date and time of their arrival in the LAFCO office. Staff has included these comment letters in the project file and will note that they were not provided to the Commission due to the timing of their arrival.

#### **Thank You Letters Received Following LAFCO's Action**

Following LAFCO's March 11, 2016 public hearing on Morgan Hill USA Amendment 2015, staff received approximately eighty-six letters thanking the Commission on its action on the proposal. These letters are also included in the project file.

#### **LAFCO Fees**

LAFCO charges actual costs for the processing of an USA amendment application. At the time of application submittal, LAFCO requires deposit fees which are initial payments towards actual costs of processing. If actual costs are less than the deposit, LAFCO will refund the difference to the applicant and if they exceed the deposit, additional fees are required.

As required by LAFCO's adopted Fee Schedule, the City provided a deposit fee in the amount of \$11,574 for the processing of Morgan Hill USA Amendment 2015 proposal.

Due to the complexity of the proposal, the actual cost of processing the application was significantly greater than the deposit that LAFCO received from the City. The actual costs for processing the proposal was \$88,173.18. On March 17<sup>th</sup>, LAFCO invoiced the City for the remaining balance of \$76,599.18 and payment of the invoice is due within 35 days of the City receiving LAFCO's invoice.

## **6.2 COMMENT LETTER ON DRAFT ENVIRONMENTAL IMPACT REPORT FOR CITY OF MORGAN HILL'S GENERAL PLAN UPDATE (MORGAN HILL 2035)**

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### **For Information Only.**

On March 14<sup>th</sup>, staff provided a comment letter (Attachment A) to the City of Morgan Hill on its Draft Environmental Impact Report (DEIR) for the City's General Plan Update (Morgan Hill 2035). Due to competing workload obligations, staff was only able to complete a cursory review of the document. In the letter, staff raises significant concerns about the adequacy of the DEIR. Furthermore, it is not clear whether LAFCO is a Responsible Agency, under CEQA, for the DEIR. The letter requests clarification of this matter. Please see **Attachment A** for the LAFCO comment letter.

## **6.3 SANTA CLARA COUNTY SPECIAL DISTRICTS ASSOCIATION MEETING**

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### **For Information Only.**

On March 7, 2016, Executive Officer Palacherla and Commissioners Hall and Kishimoto attended the quarterly meeting of the Santa Clara County Special Districts Association (SDA). In response to a request from the SDA, Executive Officer Palacherla provided a report on the implementation of SB 239. She shared the bulletin prepared by CALAFCO in association with the bill's sponsors on SB 239; and requested that fire districts or other public agencies contact LAFCO staff should they have questions about SB 239 implementation.

## **6.4 INTER-JURISDICTIONAL GIS WORKING GROUP MEETING**

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### **For Information Only.**

Analyst Noel attended the February 10<sup>th</sup> and March 9<sup>th</sup> meetings of the Inter-Jurisdictional GIS Working Group that includes staff from various county departments that use and maintain GIS data, particularly LAFCO related data. At the meetings, participants shared updates on current GIS and boundary change activities within their department or agency.

## **ATTACHMENT**

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Attachment A: March 14, 2016 Letter to the City of Morgan Hill on DEIR for the City's General Plan Update (Morgan Hill 2035)



**AGENDA ITEM # 6**  
**Attachment A**

March 14, 2016

**SENT VIA EMAIL [JOHN.BATY@MORGANHILL.CA.GOV]**

Mr. John Baty  
Senior Planner  
Community Development Department – Planning Division  
City of Morgan Hill  
17575 Peak Avenue  
Morgan Hill, CA 95037

Re: Draft Environmental Impact Report: Morgan Hill General Plan 2035

Dear Mr. Baty,

The Santa Clara Local Agency Formation Commission (“LAFCO”) appreciates the opportunity to review and comment upon the Draft Environmental Impact Report (“DEIR”) (SCH No. 2015022074) for the Morgan Hill General Plan 2035 (“General Plan”) and the proposed Residential Development Control System (“RDCS”).

Due to competing workload obligations, we have only been able to complete a very cursory review of the document as it relates directly to the analysis and conclusions concerning certain environmental impacts. As we began to conduct a similarly cursory review of the more policy related parts of the DEIR, we identified what seems to be a misunderstanding or misinterpretation of a County General Plan policy. Specifically, in the Land Use and Planning Section, on Page 4.10-18, the DEIR states that “One of the three basic strategies of the County General Plan is to “Promote Eventual Annexation.” Please note that this strategy relates solely to the annexation of urban unincorporated areas located within the Urban Service Area of a city and it is unclear why this County General Plan policy and not others are referenced as it relates to the DEIR’s analysis of the proposed General Plan’s consistency with County General Plan policies. There may be other instances in the DEIR where such misunderstanding or misinterpretation of local policies exist.

## I. PROJECT DESCRIPTION

### A. "2035 horizon year" and "full buildout" projections methodology.

Please clarify the methodology and assumptions underlying the 2035 Horizon Year (Table 3-2) and Full Buildout (Table 3-3) growth projections. On Page 3-20, the text reads, "The 'full buildout' of the proposed General Plan... would be the development of underutilized and vacant parcels at the mid-point of the maximum allowed density under the General Plan, based on the past and projected development patterns in Morgan Hill." In contrast, the text explains that the 2035 horizon buildout "is based on past development history." It seems as though at least one scenario should be based solely on the maximum buildout allowed under the proposed General Plan.

Specifically, please explain what "mid-point of the maximum allowed density" means. Does this mean for any given vacant parcel, we are assuming development ultimately built will only be half of square footage or dwelling units allowed under the General Plan? Does the DEIR anywhere provide projections based on full buildout allowed under the General Plan?

Similarly, please clarify how the "full buildout" methodology is "based on the past and projected development patterns." The 2035 horizon buildout is also "based on past development history." Are these the same? How did the projections take these into account?

The Project Description does not appear to explain the basis for discounting the anticipated growth under either scenario. Was a market-by-market or industry-by-industry analysis completed to determine that non-residential uses will not reach full buildout? If so, what data sources were relied upon? What economic factors were taken into consideration in determining that the mid-point of allowable density was the most likely buildout scenario?

Finally, the text explains that full buildout of non-residential uses is not anticipated. However, the text also states that market demand for residential development is high, and full buildout of residential uses is anticipated. Yet, under the second paragraph below the heading "General Plan Development Projections" it seems as though, under even the full buildout scenario, residential development is discounted to just the mid-point of the maximum allowable density. Given market demand, the DEIR should assume maximum buildout of residential with and without voter approval of the RDCS.

### B. Failure to analyze the full buildout.

The EIR does not analyze the impacts of the full buildout scenario. Even if full buildout is unlikely under a given forecasting model or economic analysis (see comments above regarding the need for such analysis), the environmental impacts of the full buildout scenario should be analyzed in the DEIR, given that the proposed General Plan

land use designations provide the theoretical capacity for such a buildout. (See e.g., *City of Redlands v. County of San Bernardino* (2002) 96 Cal.App.4th 398, 409; *Rio Vista Farm Bureau Center v. County of Solano* (1992) 5 Cal. App. 4th 351, 370-371.)

### **C. Responsible Agencies.**

The DEIR, in Section 3.7, indicates that one of the intended uses of the EIR is for “annexation of land into the city limits.” However, nowhere does the DEIR identify LAFCO as a Responsible Agency pursuant to CEQA. Please clarify whether the City intends to rely on this EIR to seek approvals from LAFCO with regard to annexations, urban service area amendments, or other LAFCO approvals, in which case LAFCO must be identified in the EIR, as well as noticed by the City, as a responsible agency. Further, we suggest that an additional section be added to Chapter 2 or Chapter 3 wherein all Responsible Agencies for the project are identified.

## **II. ENVIRONMENTAL REVIEW**

### **A. Agriculture and Forestry Resources.**

#### *Impact AG-1: Conversion of Farmland*

Page 4.2-13 states that the proposed General Plan would designate approximately 1,125 acres of farmland for non-agricultural uses. However, it is unclear what uses these parcels will be re-designated as and whether agricultural uses are permitted uses under these designations.

Also, it is unclear from Figure 4.2-4 which of these agricultural areas are within the City’s proposed Urban Growth Boundary and Urban Service Area. We suggest clarifying within the text and also adding the UGB and USA lines to Figure 4.2-4.

Similarly, on the bottom of page 4.2-15, the text states that “the majority” of the farmland designated for development is within the UGB. However, is this the existing UGB, or the proposed UGB? And how many of the 1,125 total acres are located outside of the UGB and outside of the USA?

On page 4.2-16, the text reads, “[t]he proposed General Plan would convert less farmland of concern under CEQA for non-agricultural uses than the existing General Plan...” Please provide additional clarification. The proposed General Plan will designate 1,126 acres of farmland to non-agricultural uses, and therefore it seems like the proposed General Plan would convert more farmland than the existing General Plan.

Finally, on page 4.2-18, the text identifies “applicable regulations” including the LAFCO Agricultural Mitigation Policies and the City’s Municipal Code. However, neither are discussed in the analysis of Impact AG-1. We suggest expanding the analysis to

explain how LAFCO's policies and the City's code address impacts relating to farmland conversion.

**B. Greenhouse Gas Emissions.**

Baseline Emissions Inventory

Page 4.7-20 states that Morgan Hill's baseline emissions inventory totaled 279,407 MTCO<sub>2e</sub> in 2010. However, no explanation is provided as to why the use of 2010 levels is appropriate. Has any significant development or other activities occurred since 2010 that might change the baseline emissions levels *in 2015* (the year the NOP was issued for this project)? If not, we suggest adding a discussion explaining that none have occurred and why the 2010 baseline is likely a reliable estimate of baseline 2015 emissions. However, if changes have occurred that call the applicability of the 2010 emissions levels as a proper baseline into question, we suggest analyzing this and adjusting the baseline either up or down to accommodate such changes.

Further, a footnote on page 4.7-22 implies that while the baseline emissions inventory is from 2010, the transportation emissions have been updated to reflect more recent VMT data. Is this correct? If so, we suggest explaining this in the text on page 4.7-20.

Efficiency Targets

Please provide additional explanation as to how the efficiency threshold of 6.6 MTCO<sub>2e</sub> per service population per year translates to the 3.3 MTCO<sub>2e</sub> and 1.3 MTCO<sub>2e</sub> thresholds for 2035 and 2050, respectively. (See pages 4.7-24 and -25.)

Plan Bay Area and the Downtown Transit Center PDA

The text on page 4.7-38 states that *Plan Bay Area* allocates 1,420 new dwelling units to the Downtown Transit Center PDA. The text states that the proposed General Plan would encourage development in this PDA, but the DEIR does not say outright that the proposed General Plan designations would accommodate this allocated growth. Please clarify.

**C. Population and Housing.**

Baseline Year

On the bottom of page 4.12-4 there is reference to 2014 being the EIR's baseline year. Should this be 2015?



### Impact POP-1: Growth Inducement

At the bottom of page 4.12-8, the text reads, “This Draft EIR considers the ‘reasonably foreseeable’ effects of adopting the proposed General Plan, which would result from development allowed between the adoption of the document and its horizon year of 2035.” However, doesn’t the DEIR only analyze the buildout that is expected (i.e. the 2035 horizon year) as opposed to the buildout that is allowed (i.e. the “full buildout”)? Please clarify.

Similar to our comments above on the Project Description, it is still unclear whether the 68,057 residents that are assumed on page 4.12-9 are based on a buildout of all residential-designated parcels to their maximum density, or just to the “mid-point of the maximum allowed density” as described on page 3-20. Please clarify.

On page 4.12-9, the text states that there would be a total of approximately 21,299 housing units within the SOI at buildout. However, according to Tables 3-2 and 3-3, it seems as though there would be a total of 22,400 dwelling units at buildout (13,181+9,219). Please clarify.

Finally, Table 4.12-7 (page 4.12-10) is titled “Projected Buildout”, however it seems like this table is only showing net growth as opposed to total buildout. Is this correct? As such, it is difficult to understand what numbers the Jobs/Housing Balance (Citywide) is based upon, as the numbers in the table seem to be the new housing units and new jobs added and does not seem to account for existing units or jobs.

### Impact POP-2: Displacement of Existing Housing

At the bottom of page 4.12-11, the text reads, “While the population cap cited in Policy CNF-3.4 would exceed ABAG projections, given the requirements for planning associated with this growth, its impact would be less than significant.” Please expand upon the meaning of “requirements for planning associated with this growth.” Is this referring to specific policies (e.g., Policy CNF-4.3 [Prerequisites for Urban Development], or Policy CNF-4.1 [USA Expansions within UGB], etc.)? Or is it referring to some other type of development control or regulation? It is unclear what the conclusion that impacts are less than significant is based upon here.

### Cumulative Impacts

Page 4.12-14 refers to “Mitigation Measure POP-1” however there is no mitigation identified in this DEIR chapter. Is a mitigation measure necessary to reduce cumulative impacts to less than significant?

### Full Buildout

The text on page 4.12-15 states that the under the “full buildout” methodology, significantly more non-residential development would occur than under the 2035 horizon year. The text goes on to state, “therefore, the potential for impacts related to population and housing would increase.” How is this so? It is unclear how an increase in development on parcels designated for non-residential uses would (1) induce substantial unexpected population growth (Impact POP-1); (2) displace substantial numbers of existing housing units (Impact POP-2); or (3) displace substantial numbers of people. Please clarify.

### **D. Utilities and Service Systems (Water Supply).**

#### Water Infrastructure Master Plan

Page 4.15-1 states that the Water Infrastructure Master Plan will not be complete before publication of the DEIR, and that impact analyses for water supply services may be subject to change through a subsequent CEQA document, such as an addendum, after the Water Infrastructure Master Plan is approved. Is this the Santa Clara Valley Water District’s Master Plan, or the City’s Master Plan? Please clarify.

Please provide an explanation in the text that describes what the Water Infrastructure Master Plan is, and why it is not required prior to the certification of the EIR for the proposed General Plan. Please describe how the Water Infrastructure Master Plan relates to the Water System Master Plan described on page 4.15-7.

#### Regulatory Framework

It seems as though the 2004 Recycled Water Master Plan should be identified under “Local Regulations” and described here.

#### Water Supply Assessment

While the DEIR identified Senate Bill (SB) 610 and its requirements for the preparation of a Water Supply Assessment (page 4.15-2), it does not appear that a WSA was prepared for the proposed General Plan Update. As you know, CEQA and the Water Code require the preparation of a WSA for project that will result in:

- Residential development of more than 500 dwelling units.
- Shopping center or business establishment employing more than 1,000 persons or having more than 500,000 square feet of floor area.
- Hotel or motel, or both, having more than 500 rooms.

- Industrial, manufacturing or processing plant, or industrial park planned to employ more than 1,000 persons, occupying more than 40 acres of land, or having more than 650,000 square feet of floor area.
- Mixed-use project that includes one or more of the projects specified above.
- Project that would demand an amount of water equivalent to, or greater than, the amount of water required for 500 dwelling units.

On page 3-23 the DEIR states that full buildout of the proposed General Plan and proposed Residential Development Control System would result in:

- 13,181 total single-family residential units
- 9,219 total multi-family residential units
- 2.70 million square feet of total retail space
- 1.89 million square feet of total office space
- 10.33 million square feet of total industrial space
- 1.15 million square feet of total service space

Full buildout as to any one of these development categories requires preparation of a WSA. Given this, we request that a WSA be prepared for the development contemplated in the DEIR.

#### Water Demand and Supply Projections

At the bottom of page 4.15-9, the text states that the City used 6.778 acre-feet per year of water. This should be 6,778 acre-feet per year.

#### Wastewater Infrastructure Master Plan

Page 4.15-26 states that the City is preparing a Wastewater Infrastructure Master Plan, but that it will not be complete before publication of the DEIR, and that impact analyses for wastewater treatment and collection services may be subject to change through a subsequent CEQA document. Is there an existing Wastewater Infrastructure Master Plan that applies in the interim? The text states that the Wastewater Infrastructure Master Plan “will assess existing wastewater demand and capacity and determine what types of improvements are necessary to meet projected future demand.” It seems as though the Wastewater Infrastructure Master Plan is therefore needed to assess the impacts of development permitted under the General Plan on wastewater demand. Please explain why this is not deferral of environmental analysis.

Please provide an explanation in the text that describes what the Wastewater Infrastructure Master Plan is, and why it is not required prior to the certification of the EIR for the proposed General Plan.

Impact UTIL-4: Wastewater Treatment Requirements

Pages 4.15-32 and -33 conclude that “with continued compliance with applicable regulations... and in accordance with the goals, policies, and actions in the proposed General Plan... wastewater generated from buildout of the Project Area would not exceed Central Coast RWQCB’s applicable treatment requirements...” However, on pages 4.15-30 and -31, the text explains that wastewater flow projections indicate that the SCRWA wastewater treatment facility will soon exceed capacity. Please explain how the capacity of the SCRWA facility is relevant to the analysis of Impact UTIL-4.

Impact UTIL-5: Wastewater Treatment Facility Expansion

Page 4.15-35 concludes that the impacts of the proposed wastewater treatment expansion will not result in significant environmental effects. However, the analysis on page 4.15-36 states that actual impacts from the expansion are too speculative to evaluate at this time. How can we know that the “example” impacts provided in Table 4.15-4 will be less than significant?

Further, CEQA requires that the proposed General Plan be compared against the existing conditions on the ground (which here, do not include the expanded wastewater treatment facility), not against plans for future projects that will change the existing conditions (here, the plans to expand the facility once by 2022, and again in the 2030s). For this reason, it seems as though the impact analysis should not rely on the future expansion absolutely coming to pass.

Impact UTIL-6: Wastewater Treatment Capacity

Regarding SCRWA’s expansion of the treatment facility, what will happen if the facility is not completed by 2022, when capacity is projected to be exceeded? What impacts would occur in that scenario? As discussed above, CEQA requires that the proposed General Plan be compared against the existing conditions on the ground (which here, do not include the expanded wastewater treatment facility). For this reason, it seems as though the impact analysis should not rely on the future expansion.

Impact UTIL-7: Cumulative Wastewater Impacts

Same comment as above. The cumulative impacts analysis determines that because no expansions are required *beyond those anticipated in 2022 and the 2030s* the Project will not result in the need for expanded facilities or the impacts associated with the same. Please explain how impacts will be less than significant, given CEQA’s mandate to compare projects against existing (not planned) conditions.

Impact UTIL-11: Energy Impacts

State CEQA Guidelines Appendix F requires that EIRs address “avoiding or reducing inefficient, wasteful, and unnecessary consumption of energy.” While the analysis on pages 4.15-54 through -57 addresses effects on service demands, energy conservation, and infrastructure needs, it does not seem to address whether the Project will result in “inefficient, wasteful, or unnecessary” energy consumption or any of the provisions of CEQA Guidelines Appendix F. Further, as you know, *California Clean Energy Committee v. City of Woodland* holds that an EIR fails to appropriately assess energy impacts consistent with Appendix F of the State CEQA Guideline when it fails to investigate renewable energy options that might be available and appropriate for a project. Given this, we request that added analysis of the potential application of Appendix F to the project be added to the EIR, and that the EIR’s energy discussion be revised and expanded.

**E. Growth Inducing Impacts**

Page 7-4 states that the policies enacted under the General Plan would ensure that adequate planning occurs to accommodate any growth, and that these policies would control the geographic extent of growth. Please provide additional detail. For example, which policies would do so? How would growth be controlled?

Similarly, the text on this page states that the General Plan commits to only allowing development where infrastructure is in place or is planned. Please describe how the General Plan does this.

Finally, there does not seem to be any significance determination provided at the conclusion of this analysis. Would the growth inducing impacts of the proposed General Plan be less than significant, or significant and unavoidable?

**F. Proposed Chiala Development**

The proposed Chiala Development, as described under 3.5.1.4, lacks specifics and the associated environmental analysis is insufficient.

LAFCO looks forward to working with the City to resolve the questions highlighted in this comment letter. Please let us know should you have any questions regarding these comments. Thank you for your attention to this matter.

Sincerely,



Neelima Palacherla  
Executive Director



**LAFCO MEETING:** April 6, 2016  
**TO:** LAFCO  
**FROM:** Neelima Palacherla, Executive Officer  
Dunia Noel, Analyst  
**SUBJECT:** LEGISLATIVE REPORT

### **STAFF RECOMMENDATION**

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1. Accept report and provide direction to staff, as necessary.
2. Take a support position on AB 2910 and authorize staff to send a letter of support.
3. Take a support position on SB 1266 and authorize staff to send a letter of support.

### **LEGISLATIVE REPORT**

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The CALAFCO Legislative Committee met on February 26, 2016 in Sacramento and again on March 18, 2016 in Ontario. Executive Officer Palacherla is a member of the Committee and attended the meeting in Sacramento and participated in the March meeting by telephone. The next meeting of the CALAFCO Legislative Committee is scheduled for April 22<sup>nd</sup>.

### **CALAFCO SPONSORED BILLS**

In the second year of the 2015-2016 legislative session, CALAFCO is sponsoring two bills: 1.) AB 2910 is CALAFCO's annual omnibus bill introduced on March 15<sup>th</sup> by the Assembly Committee on Local Government to include non-substantive changes to the Cortese Knox Hertzberg Act, and 2.) SB 1266 which would create a direct communication connection with Joint Powers Authorities (JPAs).

### **AB 2910 (Assembly Committee on Local Government) CALAFCO Omnibus Bill**

Introduced on March 15<sup>th</sup>, this is CALAFCO's annual omnibus bill and includes non-substantive changes to the Cortese Knox Hertzberg Act. It includes changes to Government Code Sections 56134, 56150, 56301, 56331, 56700.4, 56816 and 56881.

Please see **Attachment A** for text of the bill and **Attachment B** for the draft letter in support of AB 2910.

### **SB 1266 (Maguire) Joint Powers Authorities (JPA)**

This bill will create a direct communication connection with JPAs for LAFCOs. This bill would require a JPA to file their agreements or amendments to their agreements with the local LAFCO, just as they currently do with the Secretary of State. CALAFCO has been working for several months with the author and stakeholders, and as a result, has narrowed the scope considerably from its original format. The current bill focuses only on those stand-alone JPAs that were formed to provide municipal services. Please see **Attachment C** for the text of the bill and CALAFCO's SB 1266 information sheet and FAQ. CALAFCO requests its members send letters supporting SB 1266. Please see **Attachment D** for the draft letter in support of SB 1266.

### **OTHER CALAFCO TRACKED LEGISLATION**

CALAFCO is also tracking a number of bills which have direct and indirect impact on LAFCOs. Please see **Attachment E** for the CALAFCO Legislative Report which is a summary report on the status of various LAFCO-related legislation.

CALAFCO is also involved with clean up legislation related to SB 88 which became law this year. As a reminder, SB 88 authorized the State Water Resources Control Board to require consolidation of local water systems in disadvantaged communities when a system consistently fails to provide an adequate supply of safe drinking water to its customers. Representatives from the Governor's Office of Planning and Research, the State Water Resources Control Board, and the Senate Natural Resources and Water Committee attended the February 26<sup>th</sup> meeting to provide more information and get feedback about SB 1262 (Pavley) and SB 1263 (Wieckowski) which are companion bills designed to begin the cleanup process. CALAFCO has issued a letter of concern and has taken a Watch position on the bill.

### **ATTACHMENTS**

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Attachment A: Text of AB 2910

Attachment B: Draft Letter of Support: AB 2910

Attachment C: Text of SB 1266, CALAFCO's SB 1266 Information Sheet and FAQ

Attachment D: Draft Letter of Support: SB 1266

Attachment E: CALAFCO Legislative Update – March 29, 2016



**ASSEMBLY BILL**

**No. 2910**

**AGENDA ITEM # 7**  
**Attachment A**

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**Introduced by Committee on Local Government (Assembly Members Eggman (Chair), Waldron (Vice Chair), Alejo, Bonilla, Chiu, Cooley, Gordon, and Linder)**

March 15, 2016

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An act to amend Sections 56134, 56150, 56301, 56331, 56700.4, 56816, 56881, and 57130 of the Government Code, relating to local government.

LEGISLATIVE COUNSEL'S DIGEST

AB 2910, as introduced, Committee on Local Government. Local government: organization: omnibus bill.

(1) The Cortese-Knox-Hertzberg Local Government Reorganization Act of 2000 provides the exclusive authority and procedure for the initiation, conduct, and completion of changes of organization and reorganization for cities and districts, except as specified. Under existing law, with certain exceptions, a public agency is authorized to exercise new or extended services outside the public agency's jurisdictional boundaries pursuant to a fire protection contract only if the public agency receives written approval from the local agency formation commission in the affected county. Existing law defines the term "jurisdictional boundaries" for these purposes. Existing law, for these purposes, references a public agency's current service area.

This bill would revise these provisions to remove references to a public agency's current service area and instead include references to the public agency's jurisdictional boundaries. The bill would additionally make other technical changes.

(2) Existing law requires notices required by the act to be published, posted, or mailed pursuant to its provisions.

This bill would permit the use of electronic mail, if available to the recipient, or hand delivery, if notice is required to be mailed.

(3) Existing law states that the purpose of a local agency formation commission is, among other things, to efficiently provide government services.

This bill would instead provide that one of the purposes of a commission is to ensure the efficient provision of government services.

(4) Existing law establishes the membership of local agency formation commissions in each county, and authorizes appointment of a public member and an alternate public member.

This bill would require the public member and alternate public member to be residents of the affected county.

(5) Existing law requires a proponent of a change of organization or reorganization, of cities and districts, to file a notice of intention with the local agency formation commission prior to circulating a petition, as specified.

This bill would exempt from this requirement a petition signed by landowners if all parcels within the affected territory are vested under the same ownership.

(6) Existing law requires a city that is subject to disincorporation to ascertain information relating to the city's debt or contractual obligations and responsibilities, and provide a written statement to the local agency formation commission that includes, among other things, the amount of any tax levy or other obligation due to the city that is unpaid or has not been collected.

This bill would make a technical change to this provision.

(7) Existing law requires a local agency formation commission to adopt a resolution making determinations approving or disapproving a proposal, and requires the resolution for a proposal initiated by the commission to make a determination that a change of organization or reorganization that is authorized by the commission promotes public access and accountability for community services needs and financial resources.

This bill would make a technical change to this provision.

(8) Existing law requires notice of each change of organization or reorganization election to be given by publication, posting, and mailing, as specified. This bill would correct an incorrect cross reference in this provision.

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

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

1 SECTION 1. Section 56134 of the Government Code is  
2 amended to read:

3 56134. (a) (1) For the purposes of this section, “fire protection  
4 contract” means a contract or agreement for the exercise of new  
5 or extended fire protection services outside a public agency’s  
6 jurisdictional boundaries, as authorized by Chapter 4 (commencing  
7 with Section 55600) of Part 2 of Division 2 of Title 5 of this code  
8 or by Article 4 (commencing with Section 4141) of Chapter 1 of  
9 Part 2 of Division 4 of the Public Resources Code, except those  
10 contracts entered into pursuant to Sections 4143 and 4144 of the  
11 Public Resources Code, that does either of the following:

12 (A) Transfers responsibility for providing services in more than  
13 25 percent of the area within the jurisdictional boundaries of any  
14 public agency affected by the contract or agreement.

15 (B) Changes the employment status of more than 25 percent of  
16 the employees of any public agency affected by the contract or  
17 agreement.

18 (2) A contract or agreement for the exercise of new or extended  
19 fire protection services outside a public agency’s jurisdictional  
20 boundaries, as authorized by Chapter 4 (commencing with Section  
21 55600) of Part 2 of Division 2 of Title 5 of this code or Article 4  
22 (commencing with Section 4141) of Chapter 1 of Part 2 of Division  
23 4 of the Public Resources Code, except those contracts entered  
24 into pursuant to Sections 4143 and 4144 of the Public Resources  
25 Code, that, in combination with other contracts or agreements,  
26 would produce the results described in subparagraph (A) or (B)  
27 of paragraph (1) shall be deemed a fire protection contract for the  
28 purposes of this section.

29 (3) For the purposes of this section, “jurisdictional boundaries”  
30 shall include the territory or lands protected pursuant to a fire  
31 protection contract entered into on or before December 31, 2015.  
32 An extension of a fire protection contract entered into on or before  
33 December 31, 2015, that would produce the results described in  
34 subparagraph (A) or (B) of paragraph (1) shall be deemed a fire  
35 protection contract for the purposes of this section.

1 (b) Notwithstanding Section 56133, a public agency may provide  
2 new or extended services pursuant to a fire protection contract  
3 only if it first requests and receives written approval from the  
4 commission in the affected county pursuant to the requirements  
5 of this section.

6 (c) A request by a public agency for commission approval of  
7 new or extended services provided pursuant to a fire protection  
8 contract shall be made by the adoption of a resolution of application  
9 as follows:

10 (1) In the case of a public agency that is not a state agency, the  
11 application shall be initiated by the adoption of a resolution of  
12 application by the legislative body of the public agency proposing  
13 to provide new or extended services outside the public agency's  
14 ~~current service area.~~ *jurisdictional boundaries.*

15 (2) In the case of a public agency that is a state agency, the  
16 application shall be initiated by the director of the state agency  
17 proposing to provide new or extended services outside the agency's  
18 ~~current service area.~~ *jurisdictional boundaries* and be approved by  
19 the Director of Finance.

20 (3) In the case of a public agency that is a local agency currently  
21 under contract with a state agency for the provision of fire  
22 protection services and proposing to provide new or extended  
23 services by the expansion of the existing contract or agreement,  
24 the application shall be initiated by the public agency that is a local  
25 agency and be approved by the Director of Finance.

26 (d) The legislative body of a public agency or the director of a  
27 state agency shall not submit a resolution of application pursuant  
28 to this section unless both of the following occur:

29 (1) The public agency does either of the following:

30 (A) Obtains and submits with the resolution a written agreement  
31 validated and executed by each affected public agency and  
32 recognized employee organization that represents firefighters of  
33 the existing and proposed service providers consenting to the  
34 proposed fire protection contract.

35 (B) Provides, at least 30 days prior to the hearing held pursuant  
36 to paragraph (2), written notice to each affected public agency and  
37 recognized employee organization that represents firefighters of  
38 the existing and proposed service providers of the proposed fire  
39 protection contract and submits a copy of each written notice with

1 the resolution of application. The notice shall, at minimum, include  
2 a full copy of the proposed contract.

3 (2) The public agency conducts an open and public hearing on  
4 the resolution, conducted pursuant to the Ralph M. Brown Act  
5 (Chapter 9 (commencing with Section 54950) of Part 1 of Division  
6 2 of Title 5) or the Bagley-Keene Open Meeting Act (Article 9  
7 (commencing with Section 11120) of Chapter 1 of Part 1 of  
8 Division 3 of Title 2), as applicable.

9 (e) A resolution of application submitted pursuant to this section  
10 shall be submitted with a plan which shall include all of the  
11 following information:

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

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

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

19 (4) A plan for financing the exercise of the new or extended fire  
20 protection services in the affected territory.

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

23 (6) An enumeration and description of the new or extended fire  
24 protection services proposed to be extended to the affected territory.

25 (7) The level and range of new or extended fire protection  
26 services.

27 (8) An indication of when the new or extended fire protection  
28 services can feasibly be extended to the affected territory.

29 (9) An indication of any improvements or upgrades to structures,  
30 roads, sewer or water facilities, or other conditions the public  
31 agency would impose or require within the affected territory if the  
32 fire protection contract is completed.

33 (10) A determination, supported by documentation, that the  
34 proposed fire protection contract meets the criteria established  
35 pursuant to subparagraph (A) or (B) of paragraph (1) or paragraph  
36 (2), as applicable, of subdivision (a).

37 (f) The applicant shall cause to be prepared by contract an  
38 independent-comprehensive fiscal analysis to be submitted with  
39 the application pursuant to this section. The analysis shall review  
40 and document all of the following:

- 1 (1) A thorough review of the plan for services submitted by the  
2 public agency pursuant to subdivision (e).
- 3 (2) How the costs of the existing service provider compare to  
4 the costs of services provided in service areas with similar  
5 populations and of similar geographic size that provide a similar  
6 level and range of services and make a reasonable determination  
7 of the costs expected to be borne by the public agency providing  
8 new or extended fire protection services.
- 9 (3) Any other information and analysis needed to support the  
10 findings required by subdivision (j).
- 11 (g) The clerk of the legislative body of a public agency or the  
12 director of a state agency adopting a resolution of application  
13 pursuant to this section shall file a certified copy of the resolution  
14 with the executive officer.
- 15 (h) (1) The executive officer, within 30 days of receipt of a  
16 public agency's request for approval of a fire protection contract,  
17 shall determine whether the request is complete and acceptable  
18 for filing or whether the request is incomplete. If a request does  
19 not comply with the requirements of subdivision (d), the executive  
20 officer shall determine that the request is incomplete. If a request  
21 is determined incomplete, the executive officer shall immediately  
22 transmit that determination to the requester, specifying those parts  
23 of the request that are incomplete and the manner in which they  
24 can be made complete. When the request is deemed complete, the  
25 executive officer shall place the request on the agenda of the next  
26 commission meeting for which adequate notice can be given but  
27 not more than 90 days from the date that the request is deemed  
28 complete.
- 29 (2) The commission shall approve, disapprove, or approve with  
30 conditions the contract for new or extended services following the  
31 hearing at the commission meeting, as provided in paragraph (1).  
32 If the contract is disapproved or approved with conditions, the  
33 applicant may request reconsideration, citing the reasons for  
34 reconsideration.
- 35 (i) (1) The commission shall not approve an application for  
36 approval of a fire protection contract unless the commission  
37 determines that the public agency will have sufficient revenues to  
38 carry out the exercise of the new or extended fire protection  
39 services outside its ~~current area~~, *jurisdictional boundaries*, except  
40 as specified in paragraph (2).

1 (2) The commission may approve an application for approval  
2 of a fire protection contract where the commission has determined  
3 that the public agency will not have sufficient revenue to provide  
4 the proposed new or different functions or class of services, if the  
5 commission conditions its approval on the concurrent approval of  
6 sufficient revenue sources pursuant to Section 56886. In approving  
7 a proposal, the commission shall provide that, if the revenue  
8 sources pursuant to Section 56886 are not approved, the authority  
9 of the public agency to provide new or extended fire protection  
10 services shall not be exercised.

11 (j) The commission shall not approve an application for approval  
12 of a fire protection contract unless the commission determines,  
13 based on the entire record, all of the following:

14 (1) The proposed exercise of new or extended fire protection  
15 services outside a public agency's ~~current service area~~  
16 *jurisdictional boundaries* is consistent with the intent of this  
17 division, including, but not limited to, the policies of Sections  
18 56001 and 56300.

19 (2) The commission has reviewed the ~~comprehensive~~ fiscal  
20 analysis prepared pursuant to subdivision (f).

21 (3) The commission has reviewed any testimony presented at  
22 the public hearing.

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

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

38 (l) The commission may continue from time to time any hearing  
39 called pursuant to this section. The commission shall hear and  
40 consider oral or written testimony presented by any affected local

1 agency, affected county, or any interested person who appears at  
2 any hearing called and held pursuant to this section.

3 (m) This section shall not be construed to abrogate a public  
4 agency's obligations under the Meyers-Milias-Brown Act (Chapter  
5 10 (commencing with Section 3500) of Division 4 of Title 1).

6 SEC. 2. Section 56150 of the Government Code is amended  
7 to read:

8 56150. Unless the provision or context otherwise requires,  
9 whenever this division requires notice to be published, posted, or  
10 mailed, the notice shall be published, posted, or mailed as provided  
11 in this chapter. *The requirement for mailed notice to be given*  
12 *pursuant to this division may be satisfied by providing the notice*  
13 *by electronic mail, if available to the recipient, or by hand delivery.*  
14 Unless the provision or context otherwise requires, whenever this  
15 division requires notice to be given that notice shall also be given  
16 in electronic format on a website provided by the commission, to  
17 the extent that the commission maintains a website.

18 SEC. 3. Section 56301 of the Government Code is amended  
19 to read:

20 56301. Among the purposes of a commission are discouraging  
21 urban sprawl, preserving open-space and prime agricultural lands,  
22 ~~efficiently providing~~ *ensuring the efficient provision of* government  
23 services, and encouraging the orderly formation and development  
24 of local agencies based upon local conditions and circumstances.  
25 One of the objects of the commission is to make studies and to  
26 obtain and furnish information which will contribute to the logical  
27 and reasonable development of local agencies in each county and  
28 to shape the development of local agencies so as to advantageously  
29 provide for the present and future needs of each county and its  
30 communities. When the formation of a new government entity is  
31 proposed, a commission shall make a determination as to whether  
32 existing agencies can feasibly provide the needed service or  
33 services in a more efficient and accountable manner. If a new  
34 single-purpose agency is deemed necessary, the commission shall  
35 consider reorganization with other single-purpose agencies that  
36 provide related services.

37 SEC. 4. Section 56331 of the Government Code is amended  
38 to read:

39 56331. When appointing a public member pursuant to Sections  
40 56325, 56326, 56326.5, 56327, 56328, 56328.5, and 56329, the



1 commission may also appoint one alternate public member who  
2 may serve and vote in place of a regular public member who is  
3 absent or who disqualifies himself or herself from participating in  
4 a meeting of the commission. *The public member and the alternate*  
5 *public member shall be residents of the affected county.*

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

10 No person appointed as a public member or alternate public  
11 member pursuant to this chapter shall be an officer or employee  
12 of the county or any city or district with territory in the county,  
13 provided, however, that any officer or employee serving on January  
14 1, 1994, may complete the term for which he or she was appointed.

15 SEC. 5. Section 56700.4 of the Government Code is amended  
16 to read:

17 56700.4. (a) Before circulating any petition for change of  
18 organization, the proponent shall file with the executive officer a  
19 notice of intention that shall include the name and mailing address  
20 of the proponent and a written statement, not to exceed 500 words  
21 in length, setting forth the reasons for the proposal. The notice  
22 shall be signed by a representative of the proponent, and shall be  
23 in substantially the following form:

24  
25 Notice of Intent to Circulate Petition

26  
27 Notice is hereby given of the intention to circulate a petition  
28 proposing to \_\_\_\_.

29 The reasons for the proposal are:

30 (b) After the filing required pursuant to subdivision (a), the  
31 petition may be circulated for signatures.

32 (c) Upon receiving the notice, the executive officer shall notify  
33 affected local agencies.

34 (d) The notice requirements of this section shall apply in addition  
35 to any other applicable notice requirements.

36 (e) *This section shall not apply to any petition signed by*  
37 *landowners if all parcels within the affected territory are vested*  
38 *under the same ownership.*

39 SEC. 6. Section 56816 of the Government Code is amended  
40 to read:

1 56816. (a) It is the intent of the Legislature that any proposal  
 2 that includes the disincorporation of a city result in a determination  
 3 that the debt or contractual obligations and responsibilities of the  
 4 city being disincorporated shall be the responsibility of that same  
 5 territory for repayment. To ascertain this information, the city shall  
 6 provide a written statement that determines and certifies all of the  
 7 following to the commission prior to the issuance of a certificate  
 8 of filing for a disincorporation proposal, pursuant to Sections 56651  
 9 and 56658:

- 10 (1) The indebtedness of the city.
- 11 (2) The amount of money in the city’s treasury.
- 12 (3) The amount of any tax levy or other obligation due *to* the  
 13 city that is unpaid or has not been collected.
- 14 (4) The amount of current and future liabilities, both internal  
 15 debt owed to other special or restricted funds or enterprise funds  
 16 within the agency and external debt owed to other public agencies  
 17 or outside lenders or that results from contractual obligations,  
 18 which may include contracts for goods or services, retirement  
 19 obligations, actuarially determined unfunded pension liability of  
 20 all classes in a public retirement system, including any  
 21 documentation related to the termination of public retirement  
 22 contract provisions, and the liability for other postemployment  
 23 benefits. The information required by this paragraph shall include  
 24 any associated revenue stream for financing that may be or has  
 25 been committed to that liability, including employee contributions.

26 (b) The city shall provide a written statement identifying the  
 27 successor agency to the city’s former redevelopment agency, if  
 28 any, pursuant to Section 34173 of the Health and Safety Code.

29 SEC. 7. Section 56881 of the Government Code is amended  
 30 to read:

31 56881. The resolution making determinations shall also do all  
 32 of the following:

- 33 (a) Make any of the findings or determinations authorized or  
 34 required pursuant to Section 56375.
- 35 (b) For any proposal initiated by the commission pursuant to  
 36 subdivision (a) of Section 56375, make both of the following  
 37 determinations:
  - 38 (1) Public service costs of a proposal that the commission is  
 39 authorizing are likely to be less than or substantially similar to the  
 40 costs of alternative means of providing the service.

1 (2) A change—~~or~~ of organization or reorganization that is  
2 authorized by the commission promotes public access and  
3 accountability for community services needs and financial  
4 resources.

5 (c) If applicable, assign a distinctive short-term designation to  
6 the affected territory and a description of the territory.

7 (d) Initiate protest proceedings pursuant to Part 4 (commencing  
8 with Section 57000) in compliance with the resolution.

9 SEC. 8. Section 57130 of the Government Code is amended  
10 to read:

11 57130. The elections official shall cause notice of each change  
12 of organization or reorganization election to be given by  
13 publication, posting, and mailing as provided in Chapter—~~1~~ 2  
14 (commencing with Section 57025) of Part 4.





**AGENDA ITEM # 7**  
**Attachment B**

April 6, 2016

Honorable Susan Eggman, Chair  
Assembly Local Government Committee  
California State Assembly  
State Capitol, Room \_\_\_\_  
Sacramento, CA 95814

**RE: AB 2910 SUPPORT LETTER**

Dear Assembly Member Eggman:

The Local Agency Formation Commission (LAFCO) of Santa Clara County is pleased to support the Assembly Local Government Committee Bill **AB 2910** 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 2910** makes several minor technical changes, and makes minor updates to outdated sections. The California Association of LAFCOs (CALAFCO) Legislative Committee and your Committee staff worked diligently on this language to ensure there are no substantive changes while creating significant increase in the clarity of the Act for all stakeholders.

This legislation helps insure the Act remains a vital and practical law. We appreciate your Committee's authorship and your support of the mission of LAFCOs.

Yours sincerely,

Cat Tucker  
Chairperson

cc: Members, Assembly Local Government Committee  
Misa Lennox, Associate Consultant, Assembly Local Government Committee  
William Weber, Consultant, Assembly Republican Caucus  
Pamela Miller, Executive Director, California Association of LAFCOs



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**Introduced by Senator McGuire**

February 18, 2016

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An act to amend Section 6503.6 of, and to add Section 6503.8 to, the Government Code, relating to local government.

LEGISLATIVE COUNSEL'S DIGEST

SB 1266, as amended, McGuire. Joint Exercise of Powers Act: agreements: filings.

The Joint Exercise of Powers Act generally authorizes 2 or more public agencies, by agreement, to jointly exercise any common power, which is generally termed a joint powers agreement. When a joint powers agreement provides for the creation of an agency or entity, separate from the parties to the agreement and responsible for its administration, existing law requires that agency or entity to cause a notice of the agreement or amendment to be prepared and filed, as specified, with the Secretary of State. Existing law requires an agency or entity that files a notice of agreement or amendment with the Secretary of State to also file a copy of the original joint powers agreement, and any amendments to the agreement, with the Controller.

This bill would require an agency or entity required to file documents with the Controller, as described above, ~~that includes a member that is a local agency and is~~ *meets the definition of a joint powers authority or joint powers agency, as specified, that was formed for the purpose of providing municipal services, and that includes a local agency member, as specified,* to also file a copy of the agreement or amendment ~~to the agreement with the local agency formation commission in each of the counties in each~~ county within which all or any part of a local agency

member’s territory is located within 90 days after the effective date of the agreement or ~~amendment~~. *amendment to the agreement*. The bill would also require ~~a separate~~ *an* agency or entity that ~~is a~~ *meets the definition of a* joint powers authority or joint powers ~~agency and was constituted pursuant to a joint powers agreement that includes as a member a local agency and was entered into prior to January 1, 2017, and is responsible for the administration of the agreement,~~ *agency, as specified, that was formed for the purpose of providing municipal services prior to the effective date of this act, and that includes a local agency member, as specified,* to file a copy of the agreement *and any amendments to the agreement* with the local agency formation commission in each ~~of the counties in each~~ county within which all or any part of a local agency member’s territory is located no later than July 1, 2017. ~~The bill would define the terms “local agency,” “joint powers authority,” and “joint powers agency” by reference to specified statutes for these purposes.~~

By requiring specified joint powers agencies to file certain documents with a local agency formation commission, this bill would impose a state-mandated local program.

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:*

- 1 SECTION 1. Section 6503.6 of the Government Code is
- 2 amended to read:
- 3 6503.6. When an agency or entity files a notice of agreement
- 4 or ~~amendment~~ *amendment to the agreement* with the office of the
- 5 Secretary of State pursuant to Section 6503.5, the agency or entity
- 6 shall file a copy of the full text of the original joint powers
- 7 agreement, and any ~~amendments~~ *amendment* to the agreement,
- 8 with the Controller. ~~If the agency or entity includes a member that~~
- 9 ~~is a local agency, as defined in Section 56054, and is a joint powers~~



1 ~~authority or joint powers agency, as defined in Section 56047.7,~~  
2 ~~the agency or entity~~ *An agency or entity that meets the definition*  
3 *of a joint powers authority or joint powers agency under Section*  
4 *56047.7 that was formed for the purpose of providing municipal*  
5 *services and that includes a local agency member that is a city,*  
6 *district, or county shall, within 90 days after the effective date of*  
7 *the agreement or amendment, amendment to the agreement, file*  
8 *a copy of the agreement or amendment to the agreement with the*  
9 *local agency formation commission in each county within which*  
10 *all or any part of a local agency member's territory is located.*

11 SEC. 2. Section 6503.8 is added to the Government Code, to  
12 read:

13 6503.8. No later than July 1, 2017, ~~a separate an agency or~~  
14 ~~entity that is a joint powers authority or joint powers agency, as~~  
15 ~~defined in Section 56047.7, and was constituted pursuant to a joint~~  
16 ~~powers agreement that includes as a member a local agency, as~~  
17 ~~defined in Section 56054, and was entered into prior to January 1,~~  
18 ~~2017, shall, as the agency responsible for the administration of the~~  
19 ~~agreement, meets the definition of a joint powers authority or joint~~  
20 ~~powers agency under Section 56047.7 that was formed for the~~  
21 ~~purpose of providing municipal services prior to the effective date~~  
22 ~~of this section, and that includes a local agency member that is a~~  
23 ~~city, district, or county, shall cause a copy of the agreement and~~  
24 ~~any amendments to the agreement to be filed with the local agency~~  
25 ~~formation commission in each affected county. county within which~~  
26 ~~all or any part of a local agency member's territory is located.~~

27 SEC. 3. If the Commission on State Mandates determines that  
28 this act contains costs mandated by the state, reimbursement to  
29 local agencies and school districts for those costs shall be made  
30 pursuant to Part 7 (commencing with Section 17500) of Division  
31 4 of Title 2 of the Government Code.



# SB 1266

**Legislative proposal to enhance the timely documentation and facilitation of shared local public services involving counties, cities, and special districts in all 58 California counties.**

## PROPOSAL TO AMEND JPA ACT

CALAFCO is sponsoring Senate Bill 1266 authored by Senator Mike McGuire (Senate District 2) to amend State law to expand the filing requirements for certain stand-alone and municipal service providing joint-power authorities (JPAs) at the time of their establishment or amendment to include LAFCOs. SB 1266's key purpose is to enhance the documentation and facilitation of shared local public services to produce more accountable and efficient government while concurrently improving the public's awareness of these arrangements. SB 1266 calls for certain local JPAs to file their agreements and amendments with LAFCOs just as they currently do with the Secretary of State and in doing so provide two important and distinct public policy benefits...

- SB 1266 helps LAFCOs meet their long-standing directive from the Legislature to document, assess, and facilitate shared local public service opportunities in all 58 counties.
- SB 1266 advances LAFCOs' service to the general public as a community resource by developing more inclusive repositories on local public services, and as such responds affirmatively to an earlier recommendation made by the Legislative Analyst's Office as well as consistent with recent grand jury reports in Kern and Marin Counties.

## THE PROBLEM...

Under existing State law there is no direct means for LAFCOs to be noticed and informed on the existence and activities of local serving JPAs. This lack of direct notice, notably, is an increasing challenge to LAFCOs in meeting their standing directive to plan and oversee responsive and efficient local government given JPAs' expanding role in delivering municipal services while keeping the public appropriately informed.

## THE SOLUTION...

SB 1266 creates a needed communication connection under State law between certain and local JPAs and LAFCOs with the former providing notice to the latter at the time of establishment or agreement amendment to help reconcile the referenced information gap. This communicative connection would allow LAFCOs to be directly and timely informed on relevant JPA formations while also being better positioned in working with local agencies to promote new and expanded shared local services that produce more accountable and efficient government in California.

## THE SCOPE...

SB 1266 recognizes not all stand-alone JPAs are directly involved in the delivery of local municipal services relative to LAFCOs' interests. The proposal is purposefully limited to those JPAs with a county, city, or special district member. SB 1266 also applies only to local municipal serving JPAs as defined under existing State law, and as such excludes administrative pooling agencies, such as risk-management, group insurance, and debt-financing.





# **CALAFCO LEGISLATIVE PROPOSAL**

## **Senate Bill 1266 / Connecting LAFCOs and JPAs**

### **Frequently Asked Questions**

**What Are LAFCOs?** Local agency formation commissions (LAFCOs) serve as regional growth management arms of the State of California and are responsible for overseeing the establishment, expansion, and organization of cities and special districts and their municipal services in meeting current and future community needs (Government Code Section 56000 et seq.). LAFCOs operate in all 58 counties and exercise regulatory and planning powers to accomplish the State's interest to discourage urban sprawl, protect against the premature conversion of open-space and agricultural lands, and produce efficient and accountable local government. Legislation has also expanded LAFCOs focus to regularly prepare independent studies (Municipal Service Reviews) on the adequacy and performance of local governmental services with an emphasis to identify and facilitate shared service opportunities.

**What Are JPAs?** Joint-power authorities (JPAs) consists of two or more public agencies that either contract to jointly exercise shared powers or contract to form a separate legal entity to provide a particular service or services. Common examples of the latter type include water, wastewater, fire protection, and transit (Government Code Section 6500 et seq.). Separate JPAs are located throughout California and have appointed governing boards with the independent authority to make and enter into contracts, employ agents and employees, acquire, construct, and manage public facilities and improvements, incur debts, liabilities, or obligations, and sue or be sued. The board composition and voting rights therein varies from agency to agency and is spelled out in individual JPA agreements.

**How Many JPAs Exist in California?** That number is unclear. There is no known statewide, regional, or local database that indices JPAs at this time. Upon formation, separate JPAs are required to file their agreement with the Secretary of State (SOS). This is also the case when amendments are made to the agreements. However, the SOS does not publish the compiled database of JPA agreements.

**What is the Problem?** Under existing State law there is no direct means for LAFCOs to be noticed and informed of the existence and activities of stand-alone and separate JPAs. This lack of direct notice creates an information gap in regional service planning (among other factors) by impeding the ability of LAFCOs to meet their standing directive by the Legislature to plan and oversee responsive and efficient local government services given JPAs expanding role in delivering urban supporting public services in all 58 counties. This referenced information gap also serves to limit the general public's awareness of and participation in on JPA activities within their communities, especially the effectiveness in which their services are delivered.

**What is the Proposed Solution?** SB 1266 creates a formal communication connection under State law between certain legally separate and municipal serving JPAs and LAFCOs with the former providing notice to the latter at the time of establishment or amendment. Creating this communication connection would help reconcile the existing information gap between LAFCOs and JPAs. SB 1266 also advances LAFCOs' role as a community resource by developing more inclusive repositories on local public services available to the general public, and as such affirmatively responds to earlier and separate recommendations made by the Legislative Analyst's Office (reference their October 2011 report) as well as grand jury reports in Kern and Marin Counties.

**Are the Reports Filed with the Secretary of State Accessible to the Public and Other Government Agencies?** As public documents they are accessible by request. However, the impediments are the documents are not posted on the SOS's website, therefore you must either call or file a written request for the document and you must know the name of the JPA. In those instances in which the LAFCO is not aware that the JPA exists, there is no way for them to request the information.

**Does the Bill Create New Authority for LAFCOs?** No. SB 1266 is specifically limited to expanding a noticing requirement for certain legally separate JPAs to file their agreements and amendments with the local LAFCO(s) just as they are currently required to do with the SOS. The formation, organization, and related decision-making for JPAs would be unaffected by the proposed legislation.

**Are all JPAs Affected by the Bill?** No. SB 1266 is purposefully limited to those legally separate JPAs with a county, city, or special district member. SB 1266 is also limited to local municipal serving JPAs as defined under existing State law (Government Code Section 56047.7), and as such excludes certain types of administrative pooling functions, such as risk-management, group insurance, and debt-financing.

**Can the Filings be Submitted Electronically to the SOS or to the Affected LAFCO?** Current JPA law does not prescribe how the agreements and amendments are to be filed with the SOS. LAFCO will gladly accept electronic files from the JPA, which is why the method of delivery in the proposed legislation is not prescribed.





**AGENDA ITEM # 7**  
**Attachment D**

April 6, 2016

Senator Mike McGuire  
California State Senate  
State Capitol, Room 5064  
Sacramento, CA 95814

**RE: SUPPORT of SB 1266 (McGuire) – Joint Exercise of Powers: Agreement: Filings**

Dear Senator McGuire:

The Local Agency Formation Commission of Santa Clara County (LAFCO) is pleased to support Senate Bill 1266. This bill would require certain stand-alone, municipal service providing joint-power authorities (JPAs) to provide a copy of their agreement to the LAFCO at the time of their establishment or amendment to that agreement.

Under existing law, there is no means for LAFCOs to be informed of the existence and activities of local municipal service providing JPAs, which creates an increasing challenge for LAFCOs in meeting their standing directive to plan and oversee the responsive, efficient and effective delivery local government services. This is especially true given the expanding role of JPAs in delivering municipal services. This bill closes that gap.

This direct communication connection between the JPA and LAFCO allows the LAFCO to be a stronger public resource and inclusive information repository on local public services. Further, it allows the LAFCO the information needed to ensure more comprehensive reporting to the public on the effective and efficient delivery of municipal services.

This bill is not intended to create a direct authority link of LAFCO over JPAs. The formation, organization, and related decision-making for JPAs are unaffected by this legislation. We understand that as the sponsor of SB 1266, the California Association of Local Agency Formation Commissions (CALAFCO) has and will continue to meet with stakeholders in an effort to receive feedback and work through any remaining points of concern and pending amendments.

Because SB 1266 provides the critical direct communication link between the LAFCO and these municipal service providing JPAs, the Santa Clara LAFCO supports this bill. We thank you for authoring this important legislation.

Yours sincerely,

Cat Tucker, Chairperson  
LAFCO of Santa Clara County

cc: Members, Senate Governance & Finance Committee  
Brian Weinberger, Consultant, Senate Governance & Finance Committee  
Ryan Eisberg, Consultant, Senate Republican Caucus

## CALAFCO Daily Legislative Report as of Tuesday, March 29, 2016

**AGENDA ITEM # 7  
Attachment E**

1

**[AB 115](#) (Committee on Budget) Water.**

**Current Text:** Amended: 6/18/2015 [pdf](#) [html](#)

**Introduced:** 1/9/2015

**Last Amended:** 6/18/2015

**Status:** 9/11/2015-Ordered to inactive file at the request of Senator Mitchell.

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

**Summary:**

Would authorize the State Water Resources Control Board to order consolidation with a receiving water system where a public water system, or a state small water system within a disadvantaged community, consistently fails to provide an adequate supply of safe drinking water. This bill would authorize the state board to order the extension of service to an area that does not have access to an adequate supply of safe drinking water so long as the extension of service is an interim extension of service in preparation for consolidation.

**Position:** Oppose

**Subject:** Disadvantaged Communities, LAFCo Administration, Special District Consolidations, Water

**CALAFCO Comments:** UPDATED COMMENTS: CALAFCO continues to monitor this bill to ensure it does re-present itself in another form impacting LAFCo.

OLDER COMMENTS: This bill is the same as SB 88, which was passed in 2015. As amended, AB 115 gives the State Water Resources Control Board (SWRCB) direct authority to mandate either an extension of service or consolidation of water systems, including public and private systems, and individual wells. The bill focuses on disadvantage communities. Prior to ordering the consolidation, the SWRCB must make certain determinations and take certain actions, including conducting a public hearing in the affected territory. They are also required to "consult with and fully consider input from the relevant LAFCo, the PUC, and either the city or county (whichever has land use authority). Entities are allowed 6 months to find workable solutions before the SWRCB mandates the action. Prior to making the order, the SWRCB must make certain determinations. Upon making the order, the SWRCB must make funding available to the receiving water system for capacity building (no operations and maintenance funding is provided, adequately compensate the subsumed system, pay fees to the LAFCo for whatever work they will do (which is as of now undefined) to facilitate the action. The bill also contains certain CEQA exemptions and liability relief for the subsuming water entity, as well as various penalties. Finally, the bill makes legislative findings and declarations as to the reason for the SWRCB to have these powers, which has been taken directly from the legislative findings and declarations of CKH and the reason LAFCos have the powers they do.

CALAFCO has attempted to work with the administration for some time in defining the best possible process for these actions. However, for the most part, amendments proposed have been dismissed. CALAFCO has a number of concerns regarding the proposed process, not the least of which is the language in section 116682 (g) (the way it is worded now, it exempts the entire consolidation process and there is a legal argument that this would divest LAFCO of any authority to complete the consolidation since that authority is solely contained in CKH). Further, we requested indemnification for LAFCo as they implement section 11682(e)(4) which was also dismissed.

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

**Current Text:** Introduced: 2/23/2015 [pdf](#) [html](#)

**Introduced:** 2/23/2015



**Status:** 8/27/2015-In committee: Held under submission.

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

**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.

**Attachments:**

[CALAFCO Support Letter March 2015](#)

**Position:** Support

**Subject:** Financial Viability of Agencies, Tax Allocation

**CALAFCO Comments:** As introduced, this bill is identical to AB 1521 (Fox) from last year. This bill reinstates 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

**[AB 2032](#) ([Linder R](#)) **Change of organization: cities: disincorporation.****

**Current Text:** Amended: 3/17/2016 [pdf](#) [html](#)

**Introduced:** 2/16/2016

**Last Amended:** 3/17/2016

**Status:** 3/28/2016-Re-referred to Com. on L. GOV.

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

**Summary:**

Would require the local area formation commission to determine that the proposed disincorporation is consistent with the intent that all debt and contractual obligations and responsibilities of the city being disincorporated be the responsibility of the same territory for repayment, that existing and projected future revenues of the city to be disincorporated are sufficient to meet all expenditures, debts, and obligations of the former city, as specified, and that the appropriate appointing power of the successor or successors approves the terms of continuing employment or transfer of any employees from employment with the disincorporated city to employment with the successor or successors.

**Attachments:**

[CALAFCO Oppose Letter March 2016](#)

**Position:** Oppose

**Subject:** CKH General Procedures, Disincorporation/dissolution

**CALAFCO Comments:** This bill is sponsored by the County Auditor's Association. According to the Sponsor, LA and Riverside Counties (mostly LA County) have lingering concerns over some of the language adopted in AB 851 (Mayes, 2015). As amended, the bill makes substantial changes to the disincorporation statutes that were updated in 2015 through AB 851. CALAFCO has reviewed the proposed amendments and provided specific feedback to the author and sponsor. The vast majority of the amendments currently being proposed were also on the table last June, with the majority of those having been addressed to LA County by CALAFCO. There are four proposed amendments that are acceptable, only with the condition that all of the other stakeholders CALAFCO worked with last year also agree to them. The remaining proposed amendments are not acceptable either because they are adequately covered elsewhere within the statute or because they do not make sense. In addition, there were two proposed amendments for which we requested additional clarification.

**[AB 2277](#) ([Melendez R](#)) **Local government finance: property tax revenue allocation: vehicle license fee adjustments.****

**Current Text:** Introduced: 2/18/2016 [pdf](#) [html](#)



**Introduced:** 2/18/2016**Status:** 3/3/2016-Referred to Com. on L. GOV.

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

**Calendar:**

4/6/2016 1:30 p.m. - State Capitol, Room 127 ASSEMBLY LOCAL GOVERNMENT, EGGMAN, Chair

**Summary:**

Beginning with the 2004-05 fiscal year and for each fiscal year thereafter, current law requires that each city, county, and city and county receive additional property tax revenues in the form of a vehicle license fee adjustment amount, as defined, from a Vehicle License Fee Property Tax Compensation Fund that exists in each county treasury. Current law requires that these additional allocations be funded from ad valorem property tax revenues otherwise required to be allocated to educational entities. This bill would modify these reduction and transfer provisions for a city incorporating after January 1, 2004, and on or before January 1, 2012, for the 2016-17 fiscal year and for each fiscal year thereafter, by providing for a vehicle license fee adjustment amount calculated on the basis of changes in assessed valuation.

**Attachments:**[CALAFCO Support Letter\\_March 2016](#)**Position:** Support**Subject:** Financial Viability of Agencies, Tax Allocation

**CALAFCO Comments:** As introduced, this bill is identical to SB 817 (Roth, 2016) except that it does not incorporate changes to the R&T Code Section 97.70 related to AB 448 (Brown, 2015). 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 2016/17 year for cities that incorporated between 1-1-2004 and 1-1-2012.

**[AB 2471](#) (Quirk D) Health care districts: dissolution.****Current Text:** Introduced: 2/19/2016 [pdf](#) [html](#)**Introduced:** 2/19/2016**Status:** 3/8/2016-Referred to Com. on L. GOV.

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

**Summary:**

Would require a local agency formation commission to order the dissolution of a health care district without an election if the health care district meets certain criteria, as specified. The bill would subject a dissolution under these provisions to the provisions of the act for winding up the affairs of a dissolved district.

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

**CALAFCO Comments:** As introduced, this bill amends CKH 57103 and Health & Safety Code by adding Section 32495. These changes require a LAFCO to order the dissolution of a health care district without an election, providing the health care district: (1) does not currently receive a property tax allocation; (2) has substantial net assets; and (3) does not provide a direct health care service (defined as the ownership or operation of a hospital, medical clinic, wellness center or ambulance service).

CALAFCO was not contacted by the author prior to the bill's introduction. According to the author's office, the bill is sponsored by Alameda County and focuses on a local issue with the Eden Health Care District. However, the bill is not written exclusively to address that issue, but rather all health care districts that meet the noted criteria.

**[AB 2910](#) (Committee on Local Government) Local government: organization: omnibus bill.****Current Text:** Introduced: 3/15/2016 [pdf](#) [html](#)**Introduced:** 3/15/2016**Status:** 3/28/2016-Referred to Com. on L. GOV.

Desk	Policy	Fiscal	Floor	Desk	Policy	Fiscal	Floor	Conf.	Enrolled	Vetoed	Chaptered

1st House	2nd House	Conc.
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**Summary:**

Under current law, with certain exceptions, a public agency is authorized to exercise new or extended services outside the public agency's jurisdictional boundaries pursuant to a fire protection contract only if the public agency receives written approval from the local agency formation commission in the affected county. Current law defines the term "jurisdictional boundaries" for these purposes. Current law, for these purposes, references a public agency's current service area. This bill would revise these provisions to remove references to a public agency's current service area and instead include references to the public agency's jurisdictional boundaries.

**Position:** Sponsor

**Subject:** CKH General Procedures

**SB 552 (Wolk D) Public water systems: disadvantaged communities: consolidation or extension of service.**

**Current Text:** Amended: 7/7/2015 [pdf](#) [html](#)

**Introduced:** 2/26/2015

**Last Amended:** 7/7/2015

**Status:** 7/17/2015-Failed Deadline pursuant to Rule 61(a)(10). (Last location was RLS. on 7/9/2015)

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

**Summary:**

Current law, for purposes of the California Safe Drinking Water Act, defines "disadvantaged community" to mean a disadvantaged community that is in an unincorporated area or is served by a mutual water company. This bill would allow a community to be a "disadvantaged community" if the community is in a mobilehome park even if it is not in an unincorporated area or served by a mutual water company.

**Position:** Watch

**Subject:** Disadvantaged Communities, Water

**CALAFCO Comments:** Previously, CALAFCO was informed by the author's office that this bill is being amended as a vehicle to clean-up the water consolidation legislation passed through as a budget trailer bill, SB 88/AB 115. However, to date there has been response from the author's office as to what that may look like. CALAFCO continues to monitor for amendments.

**SB 817 (Roth D) Local government finance: property tax revenue allocations: vehicle license fee adjustments.**

**Current Text:** Amended: 2/22/2016 [pdf](#) [html](#)

**Introduced:** 1/5/2016

**Last Amended:** 2/22/2016

**Status:** 3/10/2016-Set for hearing March 30.

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

**Calendar:**

3/30/2016 9:30 a.m. - Room 112 SENATE GOVERNANCE AND FINANCE, HERTZBERG, Chair

**Summary:**

Beginning with the 2004-05 fiscal year and for each fiscal year thereafter, current law requires that each city, county, and city and county receive additional property tax revenues in the form of a vehicle license fee adjustment amount, as defined, from a Vehicle License Fee Property Tax Compensation Fund that exists in each county treasury. Current law requires that these additional allocations be funded from ad valorem property tax revenues otherwise required to be allocated to educational entities. This bill would modify these reduction and transfer provisions for a city incorporating after January 1, 2004, and on or before January 1, 2012, for the 2016-17 fiscal year and for each fiscal year thereafter, by providing for a vehicle license fee adjustment amount calculated on the basis of changes in assessed valuation.

**Attachments:**

[CALAFCO Support Letter\\_February 29, 2016](#)

**Position:** Support

**Subject:** Financial Viability of Agencies

**CALAFCO Comments:** As amended, this bill is identical to SB 25 (Roth, 2015) and SB 69 (Roth, 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 2016/17 year for cities that incorporated between 1-1-2004 and 1-1-2012.

**SB 1262 (Pavley D) Water supply planning.**

**Current Text:** Introduced: 2/18/2016 [pdf](#) [html](#)

**Introduced:** 2/18/2016

**Status:** 3/29/2016-Action From N.R. & W.: Do pass.To G. & F..

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

**Calendar:**

3/29/2016 9:00 a.m. - Room 112 SENATE NATURAL RESOURCES AND WATER, PAVLEY, Chair

**Summary:**

Would require a city or county that determines a project is subject to the California Environmental Quality Act to identify any water system whose service area includes the project site and any water system adjacent to the project site. This bill would require, if a water source for a proposed project includes water of a quality not sufficient to meet certain drinking water standards, that prescribed additional information be included in a water supply assessment. This bill, if no water system is identified, would require a city or county to prepare a technical report containing prescribed information.

**Position:** Watch

**Subject:** Water

**CALAFCO Comments:** As introduced, this complicated bill makes a number of changes to GC Section 66473.7 and Section 10910 of the Water Code. In 66473.7, in the definitions section, the bill adds definitions pertaining to the use of groundwater by a proposed subdivision as the source of water. It adds an adopted groundwater sustainability plan as optional substantial evidence that the water system has sufficient water supply to meet the demands of the subdivision project. The bill adds that a groundwater basin identified by the State Water Resources Control Board (SWRCB) as a probationary basin is not considered a viable water supply.

In Water Code section 10910, the bill makes the following changes: If no water system that is within or adjacent to the service area of the project site is identified as a viable source of water for the project, the city or county shall prepare a technical report that includes five factors. Based on this report, if the city or county determines that it is feasible for a water system to provide water to the project, the city or county shall submit the technical report to the local LAFCo with jurisdiction over the project. If the LAFCo denies the annexation or extension of service then the city or county shall develop a water supply assessment as outlined in 10910.

What is unclear to CALAFCO at this time is what is to be done with the assessment once completed, and why it is not completed prior to the LAFCo considering the application as part of the CEQA process.

**SB 1266 (McGuire D) Joint Exercise of Powers Act: agreements: filings.**

**Current Text:** Amended: 3/28/2016 [pdf](#) [html](#)

**Introduced:** 2/18/2016

**Last Amended:** 3/28/2016

**Status:** 3/28/2016-From committee with author's amendments. Read second time and amended. Re-referred to Com. on GOV. & F.

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

**Calendar:**

3/30/2016 Anticipated Hearing - Not in DailyFile SENATE GOVERNANCE AND FINANCE, HERTZBERG, Chair

4/6/2016 9:30 a.m. - Room 112 SENATE GOVERNANCE AND FINANCE, HERTZBERG, Chair

**Summary:**

When a joint powers agreement provides for the creation of an agency or entity, separate from the parties to the agreement and responsible for its administration, current law requires that agency or entity to cause a notice of the agreement or amendment to be prepared and filed, as specified, with the Secretary of State. This bill would require an agency or entity required to file documents with the Controller, as described above, that includes a member that is a local agency and is a joint powers authority or joint powers agency, to also file a copy of the agreement or amendment with the local agency formation commission in each of the counties in each county within which all or any part a local agency member's territory is located within 90 days after the effective date of the agreement or amendment.

**Attachments:**

[CALAFCO Support Letter February 29, 2016](#)

**Position:** Sponsor

**Subject:** Joint Power Authorities, LAFCo Administration

**CALAFCO Comments:** This is a CALAFCO sponsored bill with a number of amendments pending, as, although submitted to Leg Counsel for inclusion, were not included in the introductory version of the bill. The intent is that all stand-alone JPAs, as defined in GC Section 56047.7, which includes a member that is a public agency as defined in GC Section 56054, and are formed for the purposes of delivering municipal services, shall file a copy of their agreement (and a copy of any amendments to that agreement) with the LAFCo in each county within which all or any part a local agency member's territory is located.

**SB 1318 (Wolk D) Local government: drinking water infrastructure or services: wastewater infrastructure or services.**

**Current Text:** Amended: 3/28/2016 [pdf](#) [html](#)

**Introduced:** 2/19/2016

**Last Amended:** 3/28/2016

**Status:** 3/28/2016-March 30 set for first hearing canceled at the request of author.

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

**Calendar:**

3/30/2016 Anticipated Hearing - Not in DailyFile SENATE GOVERNANCE AND FINANCE, HERTZBERG, Chair

4/6/2016 9:30 a.m. - Room 112 SENATE GOVERNANCE AND FINANCE, HERTZBERG, Chair

**Summary:**

Would prohibit a local agency formation commission from authorizing a city or a district to extend drinking water infrastructure or services or wastewater infrastructure or services until it has extended those services to all disadvantaged communities within or adjacent to its sphere of influence, as specified, or has entered into an agreement to extend those services to those disadvantaged communities, unless specified conditions are met. This bill contains other related provisions and other existing laws.

**Attachments:**

[CALAFCO Oppose Letter March 2016](#)

**Position:** Oppose

**Subject:** Disadvantaged Communities, LAFCo Administration, Municipal Services, Service Reviews/Spheres, Water

**CALAFCO Comments:** As introduced, this bill amends GC Sections 56133, 56425 and 56430. To begin, the bill would prohibit a LAFCo commission from authorizing a city or a district to extend drinking water or wastewater infrastructure or services until it has extended those services to all disadvantaged communities within or adjacent to its sphere of influence, as specified, or has entered into an agreement to extend those services to those disadvantaged communities, unless specified conditions are met. Further, it prohibits the commission from approving a sphere of influence (SOI) update where there exists a disadvantaged unincorporated community (DUC) within or adjacent to the city or special district's SOI that lacks safe drinking water or wastewater infrastructure or services unless specified conditions are met. This bill would prohibit commissions from authorizing a city or a district to extend drinking water or wastewater infrastructure or services until it has extended services to all disadvantaged communities within or adjacent to its sphere of influence, as specified, or has entered into an agreement to extend those services to those disadvantaged communities.

The bill would additionally prohibit a commission from approving an annexation to a city or qualified special district of any territory greater than 10 acres, or as determined by commission policy, where there exists a DUC within or adjacent to the SOI of a city or special district that lacks safe drinking water or wastewater infrastructure or services, unless the city or special district has entered into an enforceable agreement to extend those services into the DUC as specified. The bill would define "qualified special district" to mean a special district with more than 500 service connections.

The bill changes, when determining a SOI, the assessment of the feasibility of a reorg of agencies and recommendations of reorg of those agencies when it is found to be feasible, to a mandate (changes 56425 (h) from "may" to "shall"). Further, it adds (k), prohibiting a commission from approving a SOI update that removes a disadvantaged community from a city's sphere of influence unless a majority of the voters in the disadvantaged community approve of the proposed SOI.

The bill adds several requirements in GC Section 56430 relating to Municipal Service Reviews. First, it changes (b) to mandate the commission to assess various alternatives relating to the efficiency and affordability of infrastructure and delivery of services; and changes (c) to mandate the commission to include a review whether the agency being reviewed is in compliance with the CA Safe Drinking Water Act.

The bill: (1) Adds a number of unfunded mandates to LAFCOs; (2) Requires LAFCo for the first time to study territory outside a sphere; (3) Requires LAFCo to include non-public agencies in studies; (4) Changes the final authority to approve spheres in certain situations from LAFCo to the voters and/or residents; (5) Ties the hands of LAFCo in extending services or annexing where reasonable; (6) Removes LAFCo discretion; and (7) Adds two requirements for LAFCo when making sphere determinations.

**[AB 1362](#) (Gordon D) Mosquito abatement and vector control districts: board of trustees: appointment of members.**

**Current Text:** Amended: 1/19/2016 [pdf](#) [html](#)

**Introduced:** 2/27/2015

**Last Amended:** 1/19/2016

**Status:** 2/4/2016-Referred to Com. on GOV. & F.

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

**Summary:**

Would authorize a city council, located in an existing or newly formed district as specified, to adopt a resolution requesting that appointments of persons to the board of trustees instead be made by a city selection committee, established pursuant to specified provisions of law, and conditioned upon a majority of authorized city councils adopting their respective resolutions. This bill would authorize the city selection committee to decrease the total number of appointments to be made by the committee if a majority of city councils within the district make this request in their respective resolutions.

**Position:** Watch

**CALAFCO Comments:** As amended, this bill amends the Health and Safety Code by creating an alternative option to the appointment process to the board of trustees of a district. The additional process calls for the City Selection Committee to make appointments rather than the cities themselves in a case where a majority of the city councils located within the district and are authorized to appoint a person to the board of trustees adopt resolutions approving of this alternate appointment process. No change is being made to how the County Board of Supervisors makes their appoint to the district board.

This is a locally supported bill, stemming from an issue in San Mateo with their Mosquito Abatement District which is in the Assembly member's district.

**AB 2414 (Garcia, Eduardo D) Desert Healthcare District.****Current Text:** Introduced: 2/19/2016 [pdf](#) [html](#)**Introduced:** 2/19/2016**Status:** 3/8/2016-Referred to Com. on L. GOV.

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

**Summary:**

Would authorize the expansion of the Desert Healthcare District to include the eastern Coachella Valley region by requiring the Board of Supervisors of the County of Riverside to submit a resolution of application to the Riverside County Local Agency Formation Commission, and, upon direction by the commission, to place approval of district expansion on the ballot at the next countywide election following the completion of the review by the commission.

**Position:** Oppose**Subject:** Disincorporation/dissolution, LAFCo Administration

**CALAFCO Comments:** This bill requires the approval of the expansion of the territory within the Desert Healthcare District. It requires Riverside LAFCo to process, without the authority to deny, an application by the County of Riverside to expand the district. It further requires the Riverside LAFCo to consult with and complete a fiscal analysis with the District's Board, County Auditor-Controller, affected local entities and all interested stakeholders. The County Board of Supervisors is required to submit the application to LAFCo no more than 15 days after the enactment of the legislation, and Riverside LAFCo is required to complete the review on or before August 1, 2016. The bill eliminates the protest provisions for the purposes of this application. The bill further requires that a sufficient funding source to expand the district is identified, the expansion will be subject to a vote of the registered voters within the proposed expanded district.

This bill is reminiscent of AB 3 (Williams, 2015) in that it strips the local LAFCo of their authority. Additionally, the timelines proposed within this bill for the LAFCo are unrealistic.

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**AB 1658 (Bigelow R) Happy Homestead Cemetery District: nonresident burial.****Current Text:** Introduced: 1/13/2016 [pdf](#) [html](#)**Introduced:** 1/13/2016**Status:** 2/4/2016-Referred to Com. on L. GOV.

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

**Summary:**

Would authorize the Happy Homestead Cemetery District in the City of South Lake Tahoe in the County of El Dorado to use its cemeteries to inter residents of specified Nevada communities if specified conditions are met. This bill contains other related provisions.

**Position:** Watch**Subject:** Special District Principle Acts**AB 1707 (Linder R) Public records: response to request.****Current Text:** Amended: 3/28/2016 [pdf](#) [html](#)**Introduced:** 1/25/2016**Last Amended:** 3/28/2016**Status:** 3/29/2016-Action From JUD.: Do pass.To L. GOV..

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

**Calendar:**

3/29/2016 9 a.m. - State Capitol, Room 447 ASSEMBLY JUDICIARY, STONE, Chair

**Summary:**

The California Public Records Act requires state and local agencies to make public records available for inspection, unless an exemption from disclosure applies. The act requires a response to a written request for public records that includes a denial of the request, in whole or



in part, to be in writing. This bill instead would require that response to be in writing regardless of whether the request was in writing. The bill would require that written response additionally to include a list that contains the title or other identification of each record requested but withheld due to an exemption and the specific exemption that applies to that record.

**Attachments:**

[CALAFCO Oppose Letter March 2016](#)

**Position:** Oppose

**Subject:** Public Records Act

**CALAFCO Comments:** As introduced, this bill would require public agencies, including LAFCos, when responding to a Public Records Request for which a determination has been made to deny the request, to include in the written response the title (or other identification) of each record that was requested and not provided, and the specific exemption that applies to that record.

**[AB 2142](#) ([Steinorth R](#)) Local government finance.**

**Current Text:** Introduced: 2/17/2016 [pdf](#) [html](#)

**Introduced:** 2/17/2016

**Status:** 2/18/2016-From printer. May be heard in committee March 19.

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

**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.

**Position:** Watch

**CALAFCO Comments:** As introduced, this appears to be a spot bill, although CALAFCO is still trying to confirm. The bill targets Section 96.15 of the Rev & Tax code pertaining to property tax revenue allocations to a qualifying city that merges with a special district.

**[AB 2257](#) ([Maienschein R](#)) Local agency meetings: agenda: online posting.**

**Current Text:** Introduced: 2/18/2016 [pdf](#) [html](#)

**Introduced:** 2/18/2016

**Status:** 3/3/2016-Referred to Com. on L. GOV.

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

**Calendar:**

4/6/2016 1:30 p.m. - State Capitol, Room 127 ASSEMBLY LOCAL GOVERNMENT, EGGMAN, Chair

**Summary:**

The Ralph M. Brown Act requires the legislative body of a local agency to post, at least 72 hours before the meeting, an agenda containing a brief general description of each item of business to be transacted or discussed at a regular meeting, in a location that is freely accessible to members of the public and to provide a notice containing similar information with respect to a special meeting at least 24 hours prior to the special meeting. This bill would require an online posting of an agenda by a local agency to have a prominent direct link to the current agenda itself.

**Position:** Watch

**Subject:** LAFCo Administration

**CALAFCO Comments:** As introduced, this bill amends GC Section 54954.2 pertaining to the online posting of a local agency's meeting agenda. The bill requires that online posting to have a prominent and direct link to the current agenda itself from the local agency's homepage. This means that LAFCos will have to post a prominent link on their website's homepage, directly taking the user to the meeting agenda.

**AB 2389 (Ridley-Thomas D) Special districts: district-based elections: reapportionment.****Current Text:** Introduced: 2/18/2016 [pdf](#) [html](#)**Introduced:** 2/18/2016**Status:** 3/8/2016-Referred to Coms. on E. & R. and L. GOV.

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

**Calendar:**

3/30/2016 9 a.m. - State Capitol, Room 444 ASSEMBLY ELECTIONS AND REDISTRICTING, WEBER, Chair

**Summary:**

Would authorize a governing body of a special district, as defined, to require, by resolution, that the election of the members of its governing body be elected using district-based elections without being required to submit the resolution to the voters for approval.

**Position:** Watch

**CALAFCO Comments:** As introduced, this bill allows special districts, if approved by resolution of the governing board, to conduct elections of their governing board using district-based elections, without being required to submit the resolution to the voters for approval.

**AB 2435 (Mayes R) Local government organization: disincorporated cities.****Current Text:** Introduced: 2/19/2016 [pdf](#) [html](#)**Introduced:** 2/19/2016**Status:** 2/22/2016-Read first time.

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

**Summary:**

Under that Cortese-Knox-Hertzberg Local Government Reorganization Act of 2000, upon disincorporation of a city, on and after the effective date of that disincorporation, the territory of the disincorporated city, all inhabitants within the territory, and all persons formerly entitled to vote by reason of residing within that territory, are no longer subject to the jurisdiction of the disincorporated city. This bill would make a technical, nonsubstantive change to this provision.

**Position:** Placeholder - monitor**Subject:** Disincorporation/dissolution

**CALAFCO Comments:** This is a spot bill. According to the author's office, they have no intention of using it to amend CKH but rather as a vehicle to amend another unrelated section of the Government Code. CALAFCO will continue to monitor.

**AB 2737 (Bonta D) Nonprovider health care districts.****Current Text:** Amended: 3/17/2016 [pdf](#) [html](#)**Introduced:** 2/19/2016**Last Amended:** 3/17/2016**Status:** 3/28/2016-Re-referred to Com. on L. GOV.

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

**Summary:**

Would require a nonprovider health care district, as defined, to spend at least 80% of its annual budget on community grants awarded to organizations that provide direct health services and not more than 20% of its annual budget on administrative expenses. By requiring a higher level of service from nonprovider health care districts, this bill would impose a state-mandated local program. This bill contains other related provisions and other existing laws.

**Position:** Watch**AB 2801 (Gallagher R) Civil procedure: validation actions.****Current Text:** Introduced: 2/19/2016 [pdf](#) [html](#)**Introduced:** 2/19/2016**Status:** 3/14/2016-Referred to Com. on JUD.

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



**Summary:**

Current law authorizes a public agency to bring an action in court to determine the validity of certain matters within 60 days of the existence of the matter, as specified. If the public agency does not bring this action, current law authorizes any interested person to bring the same action in court to determine the validity within 60 days of the existence of the matter, as specified. This bill would delete the prohibition on a contest of any thing or matter under these provisions being made other than within the specified time and manner, except by the public agency or its officer or agent.

**Position:** Oppose

**Subject:** LAFCo Administration

**CALAFCO Comments:** This bill will would remove the 60 day statute of limitations on bringing a validation action to court for any public agency, including LAFCo.

**AB 2853 (Gatto D) Public records.**

**Current Text:** Amended: 3/18/2016 [pdf](#) [html](#)

**Introduced:** 2/19/2016

**Last Amended:** 3/18/2016

**Status:** 3/28/2016-Re-referred to Com. on JUD.

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

**Calendar:**

4/12/2016 9 a.m. - State Capitol, Room 447 ASSEMBLY JUDICIARY, MARK STONE, Chair

**Summary:**

Would authorize a public agency that posts a public record on its Internet Web site to refer a person that requests to inspect or obtain a copy of the public record to the public agency's Internet Web site where the public record is posted.

**Position:** Placeholder - monitor

**Subject:** Public Records Act

**CALAFCO Comments:** As introduced, this is a spot bill declaring the intention of the legislature to expand the definition of "public record" to include writing kept on a private cell phone or other electronic device of an elected official, official, or employee of a public agency if they relate to the business of the public agency.

**SB 971 (Committee on Governance and Finance) Validations.**

**Current Text:** Introduced: 2/8/2016 [pdf](#) [html](#)

**Introduced:** 2/8/2016

**Status:** 3/10/2016-Set for hearing March 30.

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

**Calendar:**

3/30/2016 9:30 a.m. - Room 112 SENATE GOVERNANCE AND FINANCE, HERTZBERG, Chair

**Summary:**

Would enact the First Validating Act of 2016, which would validate the organization, boundaries, acts, proceedings, and bonds of the state and counties, cities, and specified districts, agencies, and entities. This bill would declare that it is to take effect immediately as an urgency statute.

**Attachments:**

[CALAFCO Support Letter, February 29, 2016](#)

**Position:** Support

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

**SB 972 (Committee on Governance and Finance) Validations.**

**Current Text:** Introduced: 2/8/2016 [pdf](#) [html](#)

**Introduced:** 2/8/2016

**Status:** 3/10/2016-Set for hearing March 30.

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

**Calendar:**

3/30/2016 9:30 a.m. - Room 112 SENATE GOVERNANCE AND FINANCE, HERTZBERG, Chair

**Summary:**

Would enact the Second Validating Act of 2016, which would validate the organization, boundaries, acts, proceedings, and bonds of the state and counties, cities, and specified districts, agencies, and entities. This bill would declare that it is to take effect immediately as an urgency statute, but would become operative on a specified date.

**Attachments:**

[CALAFCO Support Letter February 29, 2016](#)

**Position:** Support

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

**SB 973 (Committee on Governance and Finance) Validations.**

**Current Text:** Introduced: 2/8/2016 [pdf](#) [html](#)

**Introduced:** 2/8/2016

**Status:** 3/10/2016-Set for hearing March 30.

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

**Calendar:**

3/30/2016 9:30 a.m. - Room 112 SENATE GOVERNANCE AND FINANCE, HERTZBERG, Chair

**Summary:**

Would enact the Third Validating Act of 2016, which would validate the organization, boundaries, acts, proceedings, and bonds of the state and counties, cities, and specified districts, agencies, and entities.

**Attachments:**

[CALAFCO Support Letter February 29, 2016](#)

**Position:** Support

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

**SB 974 (Committee on Governance and Finance) Local government: omnibus.**

**Current Text:** Introduced: 2/8/2016 [pdf](#) [html](#)

**Introduced:** 2/8/2016

**Status:** 2/18/2016-Referred to Com. on GOV. & F.

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

**Calendar:**

4/6/2016 9:30 a.m. - Room 112 SENATE GOVERNANCE AND FINANCE, HERTZBERG, Chair

**Summary:**

The Planning and Zoning Law requires that the safety element be reviewed and updated, in the case of flooding and fire hazards, upon the next revision of the housing element after specified dates or, in the case of climate adaptation and resilience strategies, upon either the next revision of a local hazard mitigation plan after a specified date or on or before January 1, 2022, as applicable. This bill would instead require a planning agency to review and revise the safety element to identify new information, as described above, only after to address flooding and fires.

**Position:** Watch

**CALAFCO Comments:** As introduced, this bill is the Senate Governance & Finance Committee's annual Omnibus bill.

**SB 1009 (Nielsen R) Public cemeteries: nonresidents.**

**Current Text:** Introduced: 2/11/2016 [pdf](#) [html](#)

**Introduced:** 2/11/2016

**Status:** 2/25/2016-Referred to Com. on GOV. & F.

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

**Summary:**

Would authorize a district that serves at least one county with a population of fewer than 10,000 residents or that has a population not exceeding 20,000 and is contained in a nonmetropolitan area, to inter a person who is not a resident of the district in a cemetery owned by the district if specified criteria are met, including that the district requires the payment of a nonresident fee and the board of trustee determines that the cemetery has adequate space for the foreseeable future.

**Position:** Watch

**Subject:** Special District Powers

**CALAFCO Comments:** This bill would authorize a district that serves at least one county with a population of fewer than 10,000 residents or that has a population not exceeding 20,000 and is contained in a non-metropolitan area, to inter a person who is not a resident of the district in a cemetery owned by the district if specified criteria are met, including that the district requires the payment of a nonresident fee and the board of trustee determines that the cemetery has adequate space for the foreseeable future.

**SB 1263 (Wieckowski D) Public water system: permits.**

**Current Text:** Introduced: 2/18/2016 [pdf](#) [html](#)

**Introduced:** 2/18/2016

**Status:** 3/15/2016-Set for hearing April 6.

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

**Calendar:**

4/6/2016 9:30 a.m. - Room 3191 SENATE ENVIRONMENTAL QUALITY, WIECKOWSKI, Chair

**Summary:**

Would, commencing January 1, 2017, prohibit an application for a permit for a new public water system from being deemed complete unless the applicant has submitted a preliminary technical report to the State Water Resources Control Board, as specified, and would allow the state board to impose technical, financial, or managerial requirements on the permit.

**Position:** Watch

**Subject:** Water

**CALAFCO Comments:** As introduced, this bill would prohibit an application for a permit for a new public water system from being deemed complete unless the applicant has submitted a preliminary technical report to the state board, as specified, and would allow the state board to impose technical, financial, or managerial requirements on the permit. The bill would prohibit a public water system not in existence on January 1, 1998, from being granted a permit unless the public water system demonstrates that the water supplier also possesses adequate water rights to ensure the delivery safe drinking water, and would specify that the prohibition applies to any change in ownership of the public water system, including the consolidation of a public water system. The bill would allow the state board to deny the permit if the state board determines that the service area of the public water system can be served by one or more currently permitted public water systems. Finally, the bill would prohibit a local primacy agency from issuing a permit without the concurrence of the state board.

**SB 1276 (Moorlach R) Local agencies.**

**Current Text:** Introduced: 2/19/2016 [pdf](#) [html](#)

**Introduced:** 2/19/2016

**Status:** 3/3/2016-Referred to Com. on RLS.

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

**Summary:**

The Cortese-Knox-Hertzberg Local Government Reorganization Act of 2000, establishes the sole and exclusive authority and procedure for the initiation, conduct, and completion of changes of organization and reorganization for cities and districts. This bill would make nonsubstantive changes to the above-described law.

**Position:** Placeholder - monitor

**Subject:** CKH General Procedures

**CALAFCO Comments:** This is a spot bill to amend CKH. CALAFCO has not been contacted by the author's office regarding their intent.

**SB 1292 (Stone R) Grand juries: reports.**

**Current Text:** Amended: 3/28/2016 [pdf](#) [html](#)

**Introduced:** 2/19/2016

**Last Amended:** 3/28/2016

**Status:** 3/28/2016-From committee with author's amendments. Read second time and amended. Re-referred to Com. on PUB. S.

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

**Calendar:**

4/12/2016 9:30 a.m. - Room 3191 SENATE PUBLIC SAFETY, HANCOCK, Chair

**Summary:**

Current law authorizes a grand jury to request a subject person or entity to come before the grand jury for the purpose of reading and discussing the findings of the grand jury report that relates to that person or entity in order to verify the accuracy of the findings prior to their release. This bill would require a grand jury to request a subject person or entity to come before the grand jury as described above.

**Position:** Watch

**Subject:** Other

**CALAFCO Comments:** Sponsored by CSDA, there are amendments pending to this bill. Those amendments would require the Grand Jury to conduct an exit interview with report subjects to discuss and share findings. They may also provide a copy of the subject's report. The subject will have no less than 5 working days to provide written comments back to the Grand Jury for their consideration before the report is public. One the Grand Jury report is approved by a judge, the Grand Jury is required to provide a copy of the section pertaining to the subject to that entity no later than 6 working days prior to the reports public release. The subject entity can submit a preliminary response to the report to the Grand Jury, who is then required to make those prelim comments public at the time the report is made public.

This will allow LAFCos, when they are the subject of a Grand Jury report, to meet with the Grand Jury and hear their findings, and for the LAFCo to respond to those findings and offer additional information or corrections. Further, it allows the LAFCo to provide preliminary comments that are required to be posted with the report when it is made public.

**SB 1360 (Bates R) Local government.**

**Current Text:** Introduced: 2/19/2016 [pdf](#) [html](#)

**Introduced:** 2/19/2016

**Status:** 3/3/2016-Referred to Com. on RLS.

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

**Summary:**

Under current law, the legislative body of any local agency, defined to mean a county, city, city and county, or public district, may contract with any other local agency for the performance by the latter of municipal services or functions within the territory of the former, but prohibits the force account limit applicable to the local agency contracting to receive services from being exceeded. Current law excepts from that prohibition agreements made before January 1, 1981, or the current term of any self-renewing or renewable agreement entered into before that date. This bill would make nonsubstantive changes to that provision.

**Position:** Placeholder - monitor

**Subject:** Municipal Services

**CALAFCO Comments:** This bill appears to be a spot bill amending GC Section 54983, relating to the authority of local agencies to enter into agreements to provide municipal services. CALAFCO has no other information regarding this bill at this time.

**SB 1436 (Bates R) Local agency meetings: local agency executive compensation: oral report of final action recommendation.**

**Current Text:** Amended: 3/28/2016 [pdf](#) [html](#)

**Introduced:** 2/19/2016

**Last Amended:** 3/28/2016

**Status:** 3/28/2016-From committee with author's amendments. Read second time and amended. Re-referred to Com. on GOV. & F.

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

**Summary:**

Current law prohibits the legislative body from calling a special meeting regarding the salaries, salary schedules, or compensation paid in the form of fringe benefits, of a local agency executive, as defined. This bill would require the final action on the salaries, salary schedules, or compensation paid in the form of fringe benefits of a local agency executive to be made a separate discussion item and not placed on a consent calendar.

**Position:** Watch

**Subject:** LAFCo Administration, Other

**CALAFCO Comments:** As introduced, this bill requires LAFCos, when taking final action on salary for the LAFCO's executive, to be made as a separate discussion agenda item rather than a content calendar item on the agenda.

Total Measures: 32

Total Tracking Forms: 32

3/29/2016 3:36:25 PM



# News from the Board of Directors

## CALAFCO QUARTERLY

AGENDA ITEM # 10



February 2016

### Conferences and Workshops Update

#### 2016 ANNUAL CONFERENCE UPDATE

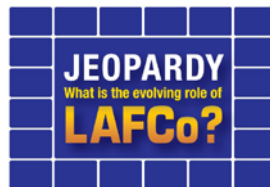


The 2016 CALAFCO Annual Conference is set for October 26 – 28 in Santa Barbara at the beautiful Fess Parker DoubleTree. Our host, Santa Barbara LAFCo, and the program planning committee are already hard at

work developing a great program with some very unique experiences for all who attend. Our theme this year is *Orchards to Oceans: Balancing California's Diversity*. Mark your calendars! More conference information will be made available later this spring.

#### 2016 STAFF WORKSHOP UPDATE

Plans are being finalized for the 2016 Staff Workshop. Our host this year is *Los Angeles LAFCo* and we will be at the Hilton Universal City. The Workshop is set for March 30 – April 1. The theme is *JEOPARDY: What is the*



*Evolving Role of LAFCo?* A special Mobile Workshop panel and tour is planned at Universal Studios to learn about the NBC Universal Evolution Plan, Alt. No. 10: No Residential Alternative, and the program planning committee and host LAFCo are planning a fun surprise for our luncheon and dinner entertainment!

#### CALAFCO U UPDATE

Staff will be announcing the two 2016 CALAFCO U sessions very soon. Watch the website and your email for details!



#### CALAFCO Board Actions

The Board met on February 5 and took the following administrative actions:



- ◆ The quarterly financial reports were reviewed. The budget is on track for the year with no changes anticipated. Contingency fund usage is aligned with previous Board approval. All financial reports are located on the website.
- ◆ The Board considered the 2016-17 dues. CALAFCO Bylaws call for the dues to automatically increase annually by the state CPI, unless the Board takes action otherwise. Given the decision last year to raise LAFCo member dues by seven (7) percent each year for the next two years, the Board took action to not increase the dues by the CPI. All Executive Officers received the approved dues for FY 2016-17.
- ◆ The Legislative Policies for 2016 were adopted.
- ◆ For the first time, the Board did a full annual review of the organization's performance based on the objectives set in the 2015-16 Strategic Plan.

Additionally, several changes were made to the 2016 objectives. A full dashboard review and updated Strategic Plan can be found on the CALAFCO website.

- ◆ Received a full legislative update (details below).
- ◆ Accepted the annual Conflict of Interest Reports.
- ◆ Accepted the CALAFCO 2015 Annual Survey results report.

#### CALAFCO Legislative Update

2016 is the second year of the two-year legislative cycle. The Legislative Committee (Committee) has met monthly since November. All meeting packets and minutes can be found on the CALAFCO website in the Members/ Legislation Section.



Anticipating another busy legislative year, the Board limited the number of items to be included in this year's Omnibus bill. The Committee thoroughly vetted all of the proposed items and ultimately seven (7) items were submitted to the Assembly Local Government Committee (ALGC) for inclusion. One has been removed by ALGC staff and another added at their request (and ultimately approved by the Committee). Currently the draft bill is being circulated through the review team and should be introduced soon.

CALAFCO is also sponsoring *SB 1266* (McGuire), which is the legislation that creates the direct communication link between LAFCos and JPAs. The scope of the bill has been narrowed considerably as a result of CALAFCO's work with stakeholders. While amendments are pending, the intention is that stand-alone JPAs meeting the definition found in GC Section 56047.7 that were formed to provide municipal services and have at least one member who is a public agency shall file a copy of their agreement or amendment to that agreement with the LAFCo.

There are a number of significant bills of concern to CALAFCO, and several subcommittees of the full Committee have been formed to thoroughly review and recommend positions/comments back to the full Committee, including:

- ◆ *AB 2032* (Linder) regarding disincorporations. While introduced as a spot bill, amendments are pending that would dismantle much of what was accomplished last year in our sponsored bill AB 851.
- ◆ *SB 1318* (Wolk) regarding local agencies and water infrastructure. This bill creates new mandates for LAFCo in terms of annexations, extension of service and MSRs.
- ◆ *SB 1262* (Pavley) regarding permitting new water systems and water supply planning.





Additionally, CALAFCO has taken a SUPPORT position on the following bills:

- ◆ **SB 817** (Roth) regarding local government finance.
- ◆ **SB 971, SB 972** and **SB 973** (Senate Gov & Finance Comm) regarding the annual validating acts.

All LAFCoS are encouraged to write letters of Support for these bills as well as **SB 1266**.

A full detailed legislative tracking report can be found on the CALAFCO website in the Members Only section.



## CALAFCO Associate Members' Corner



*This section highlights our Associate Members. The information below is provided to CALAFCO by the Associate member upon joining the Association. All Associate member information can be found in the CALAFCO Member Directory.*

### County Sanitation Districts of Los Angeles County

**LA County Sanitation Districts** has been a Silver Associate Member since July, 2005. The District provides sewer service to 78 cities and unincorporated areas of LA County. Before a district can provide sewage service to a territory, it must be within its jurisdictional boundaries. Further, District staff administers the annexation program, including processing applications for annexation. For more information, visit their website at [www.lacsd.org](http://www.lacsd.org).



### Dudek

**Dudek** has been a Silver Associate Member since June, 2005. They provide a full range of services to assist LAFCoS, cities and special districts including: Municipal Services Reviews, sphere reviews and updates, reorganization and annexation applications, service plans and related CEQA work. Their staff include specialists in LAFCo procedures, district management, water/wastewater engineering, CEQA compliance, GIS and environmental studies. For more information, visit them at [www.dudek.com](http://www.dudek.com).



### Rancho Mission Viejo

**Rancho Mission Viejo** has been a Silver Associate Member since June, 2005. They are responsible for the development and management of a governance structure for a 23,000-acre, 14,000 home planned community. For more information, visit them at [www.ranchomissionviejo.com](http://www.ranchomissionviejo.com).



**RANCHO MISSION VIEJO**

*CALAFCO wishes to thank all of our Associate Members for your support and partnership. We look forward to continuing to highlight our Associate Members in each Quarterly Report.*



**Tracks Around the State**

### Santa Cruz

Approximately 200 Santa Cruz County residents recently attended an educational water forum co-sponsored by Santa Cruz LAFCo. The presenters were the water supply and resource management agencies from around the county. The theme was that the agencies are working together to address major water resource challenges. For more info: <http://www.santacruzirwmp.org/DROPS>.

### Marin

Marin LAFCo will be moving its administrative office effective April 1, 2016 to 1401 Los Gamos Drive, Suite 220, San Rafael, California 94903. We are going from 300 square feet to 1300 square feet and will now get to have more than one visitor at a time!!

### Sonoma

Sonoma LAFCo recently endorsed the formation of the North Sonoma Coast FPD and the dissolution of an inactive reclamation district, and will be adjudicating the dissolution of a park district and a major detachment from a health care district. Potential boundary changes and consolidations of fire service agencies in the County are also forthcoming, as are a variety of issues related to water districts that want to expand in order to provide groundwater management services to meet goals set forth by SGMA.





## **Los Angeles**

LA LAFCo continues to make progress on a comprehensive program to insure that mosquito and vector control services are provided in all areas of Los Angeles County. Within the last two years, the City of La Canada-Flintridge, as well as the unincorporated communities of La Crescenta and Montrose, were successfully annexed into vector control districts. Staff is working to convince representatives of the two cities in the county which have no mosquito and vector control programs to annex into existing vector control districts.

## **Nevada**

After 15 years of service, Commissioner Paul Norsell retired from the Public Member seat. Commissioner Norsell was the recipient of CALAFCO's Outstanding Commissioner Award in 2014. Commissioner Josh Susman, who is currently serving on the CALAFCO Board as Treasurer, succeeds Mr. Norsell. Our newest Commissioner, Gloria Glenn, was seated as Alternate Public Member in September, 2015.

## **Riverside**

Riverside LAFCo is commencing two deferred housekeeping projects. We have just started a complete overhaul of our website. The current website is built on an older, minimally supported platform and the design has not been updated since 2003. The new site will have a more modern look, more efficient navigation and be mobile device-friendly. We will also be electronically archiving case files from 2007 forward, as well as other documents. Case files from 1964-2006 were scanned several years ago. Budget constraints during the recession caused the deferral of both of these important projects.

## **Contra Costa**

Contra Costa LAFCo is currently developing an agriculture & open space preservation policy. In July, we hosted a workshop to kick-off the effort. The workshop drew over 60 participants and featured a range of guest speakers including the American Farmland Trust, local land trust organizations, local farmers and ranchers, the County Agricultural Commissioner, representatives from several environmental and open space groups, the building industry association, economic development and realtor organizations.

The Commission's Policies & Procedures Committee is currently drafting the policy, the purpose of which is to provide guidance to the applicant on how to address agricultural and open space mitigation for LAFCo proposals, and to provide a framework for LAFCo to evaluate and process in a consistent manner, LAFCo proposals that involve or impact agricultural and/or open space lands.

Contra Costa County has over 90,000 acres of cropland and 168,000 acres of rangeland; however, since 1990, Contra Costa County has lost over 40% of its prime farmland. The 2015 *Economic Contributions of Contra Costa County Agriculture* report notes that Contra Costa County agriculture is critical to the County's economic stability within the agriculture industry and the broader county economy. Agriculture in Contra

Costa County contributes \$225 million to the local economy, and provides 2,277 jobs.

Local LAFCo policies are critical to preserving and protecting agricultural and open space lands. Agricultural land is an irreplaceable natural resource that provides a host of ecosystem benefits, including groundwater recharge, open space, habitat and protection from climate change.

We wish to thank those LAFCos that shared their local policies, including Calaveras, Colusa, Kings, Lake, Lassen, Madera, Mariposa, Modoc, Monterey, Plumas, San Joaquin, San Luis Obispo, Santa Clara, Stanislaus, Tuolumne, Ventura, Yolo and Yuba.

## **Mark Your Calendars For These Upcoming CALAFCO Events**

- ❖ CALAFCO Legislative Committee meeting, March 18, Ontario
- ❖ CALAFCO Staff Workshop, March 30 - April 1, Universal City
- ❖ CALAFCO Legislative Committee meeting, April 22, conference call
- ❖ CALAFCO Board of Directors meeting, May 6, Sacramento



### **Upcoming CALAFCO Conferences and Workshops**

#### **2016 STAFF WORKSHOP**

March 30 - April 1  
Hilton Los Angeles at Universal City  
Universal City, CA  
**Hosted by Los Angeles LAFCo**

#### **2016 ANNUAL CONFERENCE**

October 26 - 28  
Fess Parker DoubleTree by Hilton  
Santa Barbara, CA  
**Hosted by Santa Barbara LAFCo**

#### **2017 STAFF WORKSHOP**

April 5 - 7  
DoubleTree by Hilton Fresno Convention Center  
Fresno, CA  
**Hosted by Fresno LAFCo**

#### **2017 ANNUAL CONFERENCE**

October 25 - 27  
Bahia Mission Bay  
San Diego, CA  
**Hosted by CALAFCO**

