



March 11, 2020

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CAROLYN EMERY
EXECUTIVE OFFICER

TO: Local Agency Formation Commission

FROM: Executive Officer
Policy Analyst

SUBJECT: Legislative Report (March 2020)

BACKGROUND

As expected, several bills have been introduced in the Capitol since the reconvening of the Legislature in early January. Currently, most bills of LAFCO-interest remain as "spot bills," which serve as placeholders until the authors and sponsors finalize the purpose and language. These bills will usually experience varying amendments as they move through multiple committees. Because of their current status, "spot bills" are not discussed in this report but will continue to be monitored by staff.

Through the participation as a member of the California Association of LAFCOs (CALAFCO) Legislative Committee, staff has identified several bills of LAFCO interest. This report provides a review of newly proposed legislation, continued efforts on bills from the 2018-2019 legislative session, and an update on CALAFCO's current legislative efforts. As several of the proposed bills are being modified by the respective authors, staff is recommending a "watch" position on many of the bills discussed in this report.

The next legislative update is scheduled for April 18, 2020.

NEWLY INTRODUCED LEGISLATION

The last day for bills to be introduced to the Legislature was February 21. Below is a discussion of recent legislation introduced due to a collaborative effort initiated by Napa and San Bernardino LAFCOs.

SB 799 (Dodd) Local Agency Services

In 2015, the Governor signed into law AB 402 which established a pilot program involving LAFCO proceedings for the Counties of Napa and San Bernardino. Currently, under the Cortese-Knox-Hertzberg Reorganization Act of 2000, an agency may only provide a new or extended service outside its jurisdictional boundary if it receives written

approval from the LAFCO in the county in which the extension of service is proposed. The pilot program allows the Commissions in the Counties of Napa and San Bernardino to authorize a city or district to provide a new or extended service outside its jurisdictional boundary and outside its sphere of influence to support existing planned uses involving private or public properties upon making the following determinations:

- The extension of service was identified or evaluated in a municipal service review.
- The extension of service will not have an adverse impact on open space and agricultural lands.
- The adjustment of an agency's sphere of influence to include the area to receive new or extended service is not feasible or desirable by the agency.
- The definition of "planned use" for this section means any project that is included in an approved specific plan as of July 1, 2015.

Since the pilot program was established, Napa and San Bernardino LAFCOs have authorized several requests by agencies to extend services outside of the respective jurisdictional boundaries to support efficient delivery of services. Currently, the pilot program includes a sunset date of January 1, 2020. SB 799 proposes to extend the sunset date of the pilot program. The bill author and both LAFCOs are holding discussions to determine that sunset date. Consistent with the current legislation, this bill will only affect Napa and San Bernardino LAFCOs and has no direct impact to Orange LAFCO. However, since the legislation proposes a change to the Cortese-Knox-Hertzberg Reorganization Act of 2000, staff is recommending a watch position at this time.

BILL LOCATION/STATUS: Senate Governance and Finance Committee.

RECOMMENDED OC LAFCO POSITION: Adopt "watch" position for SB 799.

COUNTINUED LEGISLATIVE EFFORTS

During the 2018-2019 legislative session numerous bills were held in committees and did not move forward for the Governor's consideration. Consequently, several of those bills have become "two-year bills" and the effort of the authors will continue during the current legislative session. This section provides a summary on these bills and recommended positions for Commission consideration.

AB 213 (Reyes) - Vehicle License Fee Adjustment

This bill seeks to restore financial funding that was originally removed through legislation approved in 2011. The bill would restore funding for cities that annexed inhabited territory from 2004 to 2011 and offer the same incentive for future annexations of inhabited territory. In Orange County, the removal of the VLF funding impacted the cities of Fullerton, La Habra, Newport Beach, and San Clemente. The Commission previously adopted a support position on this bill, and at the time of finalizing this report,

the current bill language had not been changed. Therefore, staff recommends that the Commission maintain a support position.

BILL LOCATION/STATUS: Senate Appropriations Committee.
OC LAFCO POSITION: Adopted "support" position for AB 213 on April 10, 2019.

SUPPORT: Amador LAFCO; City of Atascadero; City of Brea; California Association of Local Agency Formation Commission; City of Camarillo; City of Chino; City of Cloverdale; City of Colton; City of Downey; City of Fountain Valley; City of La Habra; City of Lakeport; City of Riverside; City of Santa Barbara; City of Santa Clarita; City of Delano; City of Dinuba; City of El Centro; El Dorado LAFCO; City of Fontana; Fresno LAFCO; Glenn LAFCO; City of Hayward; City of Hesperia; Kern LAFCO; League of California Cities; Los Angeles LAFCO; Merced LAFCO; San Benito LAFCO; Marin County Council of Mayors and Council Members; Mayor Acquanetta Warren; Mendocino LAFCO; Nevada LAFCO; Orange LAFCO; City of Rancho Cucamonga; Riverside LAFCO; City of Roseville; City of San Bernardino; San Mateo LAFCO; City of San Ramon; Santa Clara LAFCO; Santa Cruz LAFCO; City of Simi Valley; Southwest California Legislative Council; City of Temecula; City of Thousand Oaks; Town of Los Gatos; Tulare LAFCO; City of Twentynine Palms; Yolo LAFCO.

OPPOSED: Unknown.

SB 414 (Caballero) Small System Water Authority

This bill proposes to create a Small System Water Authority Act with the powers to absorb, improve, and operate noncompliant public water systems. The California State Drinking Water Act provides the State Water Resource Control Board (SWRCB) with specific responsibilities for overseeing the operations of small public water agencies. Currently, the SWRCB has the authority to consolidate small public water agencies that consistently fail to adequately provide water service to the disadvantaged communities and disadvantaged unincorporated communities within their service boundary. The following are key elements of the bill:

- ◆ Requires the SWRCB to provide notice to cure identified water contaminant violations to all public agencies, private water companies, or mutual water companies that operate a public water system that has either less than 3,000 connections or that serves less than 10,000.
- ◆ Requires the SWRCB to mandate the dissolution of contiguous or non-contiguous existing water systems that consistently provide contaminated drinking water and authorizes the SWRCB to initiate the formation of a new public water authority.

- ◆ The new small water authority will be subject to the approval of the local LAFCO process and the State Board's Division of Drinking Water.

This bill may have an impact on the existing 12 mutual water systems that are within Orange County that have less than 3,000 connections and serve less than 10,000 residents. The bill is currently under review by the author and amendments are expected. The Commission previously adopted a watch position on this bill, and staff is recommending that the Commission maintain this position and continue monitoring this effort.

BILL LOCATION/STATUS: Assembly Local Government Committee.

OC LAFCO POSITION: Adopted "watch" position for SB 414 on May 8, 2019.

SUPPORT: California Municipal Utilities Association; Eastern Municipal water District; Association of Water Agencies; California Association of Mutual water Companies; California Special District Association; City of Riverside; Cucamonga Valley Water District; Independent Special District of Orange County; Inland Empire Utilities Agency; Irvine Ranch water District; Mesa Water District; Metropolitan Water District of Southern California; San Bernardino Valley Municipal Water District; San Diego County Water Authority; San Francisco Public Utilities Commission; San Gabriel Valley council of Governments; San Gabriel Valley Council of Governments; San Gabriel Valley of Economic Partnerships; Santa Ana Watershed Project authority; Santa Clara Valley Water District; Southwest California Legislative Council; Three Valleys Municipal Water District; Upper San Gabriel Valley Municipal Water District; Western Municipal Water District.

OPPOSED: Clean Water Action; Community Water Center; Leadership Counsel for Justice and Accountability; Rural Communities Assistance Corporation; Self Help Enterprise.

AB 1751 (Chiu)-Water and Sewer System Corporation

This bill would authorize a water or sewer system corporation to file a consolidation application and obtain approval from the Public Utilities Commission. The approval would authorize the water or sewer system corporation to consolidate with a public water system or state small water system that has fewer than 3,300 service connections and serves a disadvantaged unincorporated community. The bill is under review and several amendments are expected. At this time, staff is recommending a watch position and will continue to monitor the bill.

BILL LOCATION/STATUS: Senate Appropriations Committee.
RECOMMENDED OC LAFCO POSITION: Adopt "watch" position for AB 1751.

SUPPORT: California American Water Company; California Water Association; City of Bellflower; City of Perris; Liberty Utilities; Sierra Club.

OPPOSED: Public Advocates Office.

CALAFCO LEGISLATIVE EFFORTS

For the 2019-2020 legislative session, the CALAFCO Board approved two legislative priorities. Below is an update on those efforts since the Commission's January 8 legislative report.

- **Engage stakeholders in a review of the CKH Act protest provision and potentially propose legislative modifications.**

UPDATE: A sub-committee composed of members from the CALAFCO Legislative Committee has held several meetings with representatives from the California Special Districts Association, League of California Cities, California State Association of Counties, and staff consultants from the Senate Governance and Finance Committee and the Assembly Local Government Committee. The sub-committee has worked collaboratively over the last year, and it is expected that the effort will continue for an additional year with the intent of presenting amendments through proposed legislation.

- **Propose legislation to add clarifying language to the CKH Act on the provision of services by an agency outside its jurisdictional boundary.**

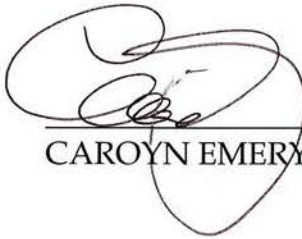
UPDATE: The CKH Act delineates the process and requirements for an agency to receive approval from LAFCO in order to provide services outside of its jurisdictional boundary. Additionally, the CKH Act provides for an exemption to this requirement for agencies, under certain conditions. The CALAFCO staff has participated in meetings with legislative staff to discuss the intent of this effort, which is to clarify the process and LAFCO's role in contracts and agreements that involve two public agencies and an agency's authority to provide services outside of its jurisdictional boundary and sphere of influence. There has been some progress with the effort, however, it is expected that several additional discussions will be required prior to presenting any amendments through proposed legislation.

RECOMMENDATION

Staff recommends that the Commission:

1. Receive and file the March 11, 2020 Legislative Report.
2. Maintain a "Support" position on **AB 213** and "Watch" position on **SB 414**.
3. Adopt a "Watch" position on **SB 799** and **AB 1751**.

Respectfully,


CAROYN EMERY
LUIS TAPIA