



AGENDA ITEM 9C

MEETING: May 15, 2019
TO: Humboldt LAFCo Commissioners
FROM: George Williamson AICP, Senior Advisor
SUBJECT: **Commission Response to Proposed Legislation Letters**

BACKGROUND

Per Humboldt LAFCo Administrative Policy 3.17, LAFCo staff monitors proposed legislation and the California Association of Local Agency Formation Commission's (CALAFCO) legislative platform. Items of interest and recommendations for action with respect to formal positions on proposed legislation are brought forth to the Commission as necessary.

DISCUSSION

Several bills affecting LAFCOs are presently proceeding through the State Legislature. Staff and the CALAFCO legislative committee have identified four bills the Commission should consider responding to:

- **AB 600 - (staff recommends oppose)**

The CALAFCO legislative committee considered AB 600 as amended April 29. They unanimously approved remaining in opposition. The Committee felt that, while substantial progress has been made in removing much of what was wrong with the bill, several fundamental issues remain.

The bill allows for an extension of service in lieu of annexation. One of the primary statutory purposes of LAFCo is to ensure orderly growth. Extending services on an individual basis or by service category without annexation only serves to undermine the very purpose of jurisdictional boundaries and sphere of influence plans and conflicts with existing statute, Government Code Section 56133(b).

- **AB 818 - (staff recommends support)**

This bill reinstates ERAF funding for incorporations. Current law establishes a separate vehicle license fee adjustment amount for a city that was incorporated after January 1, 2004, and on or before January 1, 2012. This bill would establish a separate vehicle license fee adjustment amount for a city incorporating after January 1, 2012, including an additional separate vehicle license fee adjustment amount for the first fiscal year of incorporation and for the next 4 fiscal years thereafter.

- **AB 1253- (staff recommends support)**

This is the LAFCo funding bill. The bill establishes a funding program to provide grants to Local Agency Formation Commissions (LAFCOs) for conducting in-depth studies

and analyses of local government agencies and services for the purposes of creating improved efficiencies in the delivery of local government services to disadvantaged communities and completing the dissolution of inactive special districts. The grant program would be administered by the Strategic Growth Council and sunset on December 31, 2025.

- **AB 1822- (staff recommends support)**

AB 1822 currently makes minor technical corrections to language used in the Cortese-Knox-Hertzberg Local Government Reorganization Act of 2000

RECOMMENDATION

Staff recommends that the Commission:

- 1) Take positions in support of AB 818, AB 1253, and AB 1822, and oppose AB 600.
- 2) Direct the Executive Officer to submit letters to each respective bill author as drafted in Attachments A, B, C, and D.

Attachments –

- A) AB 600 - Oppose letter
- B) AB 818 – Support letter
- C) AB 1253 - Support letter
- D) AB 1822 - Support letter



May 15, 2019

The Honorable Kansen Chu
California State Assembly
State Capital Room 3126
Sacramento, CA 95814

Subject: **Oppose AB 600 (as amended April 29, 2019)**

Dear Assembly Member Chu:

The Humboldt Local Agency Formation Commissions (LAFCo) joins the California Association of Local Agency Formation Commissions (CALAFCO) to remain opposed to your bill, **Assembly Bill 600**. LAFCos are aware of and concerned about the disparity of local public services, especially for residents and properties located within disadvantaged unincorporated communities (DUCs). All Californians deserve adequate and safe drinking water and wastewater facilities. CALAFCO supports your efforts to address these problems, which persist in many counties, however **AB 600** in its current version does not represent a collective stakeholder dialogue with reasonable and systemic solutions to the problem.

The bill allows for an extension of service in lieu of annexation and we remain greatly concerned about extension of service without annexation. One of the primary statutory purposes of LAFCo is to ensure orderly growth. Extending services on an individual basis or by service category without annexation only serves to undermine the very purpose of jurisdictional boundaries and sphere of influence plans and conflicts with existing statute, Government Code Section 56133(b).

Another of LAFCos' statutory purposes is to ensure the effective and efficient provision of municipal services. Ultimately, the annexation of a DUC does not ensure they will receive adequate, safe drinking water. The reality is there are engineering and financial issues that must be solved in order to ensure service and this bill does not address those ongoing issues. We want to ensure that local circumstances and conditions are taken into consideration and this bill offers a "one size fits all" approach that may not be effective in many instances.

The bill adds (8)(C) to Government Code Section 56375. As written, this section creates confusion and contradicts §56375(8)(A). We believe the intention is to prohibit LAFCo from approving the annexation of two or more contiguous disadvantaged communities within five years that are individually less than ten acres but cumulatively more than ten acres. If so, then this language conflicts with §56375(8)(A), which allows for commission policies to guide the commission in determining the size of the area to be annexed. Further, the term "paragraph" as used in this section creates uncertainty as to what section or subsection is actually being addressed.

We support workable and sustainable policy solutions to the disparities in service delivery to disadvantaged communities. However a major obstacle remains the infrastructure and operational funding for these services. We believe that addressing the needs of disadvantaged communities through the planning process and finding tools to support the

infrastructure deficiencies and implementation actions remain a very important part of the solution.

For all of the reasons noted above, the Humboldt LAFCo remains opposed to **AB 600**. Please contact me should you have any questions.

Yours sincerely,

Estelle Fennell, Chairperson
Humboldt LAFCo

Cc: Jimmy MacDonald, Consultant, Assembly Local Government Committee
William Weber, Consultant, Assembly Republican Caucus
Pamela Miller, Executive Director, CALAFCO



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May 15, 2019

Assembly Member Ken Cooley
California State Assembly
State Capital Room 3013
Sacramento, CA 95814

Subject: **Support of AB 818**

Dear Assembly Member Cooley:

The Humboldt Local Agency Formation Commission (LAFCo) is pleased to support Assembly Bill AB 818, which would assist the fiscal viability of future city incorporations that meet all other state requirements.

The VLF gap created by SB 89, one of the 2011 budget bills, created a financial disincentive for future city incorporations and annexations of inhabited territory. For the past seven years, no new cities have formed. Given the growing population in our state and the need for orderly growth and adequate service provision, this policy issue needs to be addressed.

AB 818 by no means guarantees that a community wishing to incorporate will become a city. In order to incorporate, local communities must overcome many hurdles, including compliance with state LAFCo policies, negotiations with counties, and ultimately a public vote. This bill simply gives communities considering incorporation the same opportunity to incorporate that other California cities have previously had.

In 2017, the Legislature addressed the financial harm caused by SB 89 (2011) to four recently incorporated cities via the passage of SB 130 (Budget). SB 130 provides the legislature a template to address the fiscal viability of future incorporation. AB 818 adopts the template provided by SB 130 and extends the fix to future incorporations. The state budget conditions have vastly improved since 2011 and the fiscal challenges of the four most recently incorporated cities have finally been addressed with the passage of SB 130. AB 818 provides the same option for any future incorporations.

Within Humboldt LAFCo's jurisdiction, an unincorporated area of the County, known as McKinleyville, is currently considering the costs and benefits of incorporation. McKinleyville is one of the main growth areas within the County and AB 818 would remove the financial disincentives for future city incorporations and give McKinleyville an opportunity to incorporate if it is supported by local residents and county government. Incorporation would give more local control to McKinleyville and allow for improved land use management.

Reinstating revenues for incorporations is consistent with policies of providing communities with local governance and efficient service delivery options, including the ability to incorporate. The inability to do so creates a tremendous detriment to the creation of logical development boundaries and to the prevention of urban sprawl. Because AB 818 reinstates a critical funding component to future cities incorporating, Humboldt LAFCo supports this bill.

Please do not hesitate to contact me with any questions you may have on our position.

Yours sincerely,

Colette Metz
Humboldt LAFCo Executive Officer

Cc: Pamela Miller, Executive Director, CALAFCO



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May 15, 2019

The Honorable Robert Rivas
California State Assembly
State Capital Room 5158
Sacramento, CA 95814

Subject: ***Support of AB 1253***

Dear Assemblymember Rivas:

The Humboldt Local Agency Formation Commission (LAFCo) is pleased to join the California Association of Local Agency Formation Commissions (CALAFCO) in support for Assembly Bill 1253. Sponsored by CALAFCO, the bill establishes a five-year pilot grant program to provide grants to LAFCos to address known service and governance concerns in disadvantaged communities. This program provides grants to LAFCos for conducting special in-depth studies and analyses of local government agencies and services for the purposes of creating improved efficiencies in the delivery of local government services and completing the dissolution of inactive special districts. The grant program would be administered by the Strategic Growth Council and sunset on December 31, 2025.

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

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

In Humboldt County, there is tremendous opportunity to promote long-term sustainability through district formation, expansion, and consolidation. For example, the recent formation of fire protection districts in Briceland, Bridgeville and Fruitland Ridge demonstrates that, with the establishment of sustainable revenue sources, small non-district fire companies that previously relied solely on fundraising can become self-sufficient and stable agencies, ensuring a higher level of protection for their communities. The formation and expansion of fire-related district boundaries also supports future subdivision and associated development within Humboldt County by ensuring a source of revenue for not only local fire jurisdictions but also revenue for the County in the form of new property taxes and resulting economic development.

By establishing this one-time grant funding, AB 1253 provides an additional tool for LAFCo's to address known service and governance concerns in disadvantaged communities by conducting detailed studies and potentially implementing greater efficiencies in delivering local services based on local circumstances and conditions. For these reasons, Humboldt LAFCo is pleased to support AB 1253.

Thank you for authoring this important piece of legislation. Please feel free to contact me at 707-445-7508 or execofficer@humboldtlafrco.org should you have any questions about Humboldt LAFCo's position.

Sincerely yours,

Colette Metz
Humboldt LAFCo Executive Officer

Cc: Senator Robert Hertzberg, co-author
Senator Anna Caballero, co-author
Pamela Miller, Executive Director, CALAFCO



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May 15, 2019

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

Subject: **Support of AB 1822: Local Government Committee Omnibus Bill (as amended April 8, 2019)**

Dear Chair Aguiar-Curry:

The Humboldt Local Agency Formation Commission (LAFCo) is pleased to support the Assembly Local Government Committee Bill **AB 1822** (amended April 8, 2019) 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 1822** currently makes minor technical corrections to language used in the Act. Humboldt LAFCo is grateful to your Committee, staff and CALAFCO, all of whom worked diligently on this language to ensure there are no substantive changes while creating a significant increase in the clarity of the Act for all stakeholders.

This legislation helps insure the Cortese-Knox-Hertzberg Act remains a vital and practical law that is consistently applied around the state. We appreciate your Committee's authorship and support of this bill, and your support of the mission of LAFCos.

Yours sincerely,

Colette Metz
Humboldt LAFCo Executive Officer

cc: Members, Assembly Local Government Committee
Jimmy MacDonald, Consultant, Assembly Local Government Committee
William Weber, Consultant, Assembly Republican Caucus
Pamela Miller, Executive Director, CALAFCO