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SLO LAFCO - Serving the Area of San Luis Obispo County

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TO: MEMBERS, FORMATION COMMISSION
FROM: DAVID CHURCH, EXECUTIVE OFFICER
DATE: OCTOBER 18, 2018
SUBJECT: CALAFCO ACTIVITIES LEGISLATIVE UPDATE

Recommendation. It is respectfully recommended that the Commission consider this CALAFCO Activities and Legislative Update and receive and file this report.

2018 CALAFCO Annual Conference-October 3-5

The CALAFCO Annual Conference was conducted at Tenaya Lodge near Yosemite National Park. It was attended by almost 300 Commissioners and Staff from the 47 LAFCOs around the State. City Council, County Supervisors, Special District and Public Commission members attended the conference. Commissioners Tom Murray and Ed Eby attended the conference along with Deputy Executive Officer Mike Prater and the Executive Officer David Church. On Wednesday morning, Mr. Church moderated LAFCo 101 with a panel of experienced LAFCo practitioners and about 60 participants. The highlights of the conference included:

- **Municipal Service Reviews – Friend or foe? Using MSRs for more than a bookend.** Real Time Survey general session of the usefulness of Municipal Service Reviews and how to make them more helpful.

This was a very informative session. The legislature gave LAFCo's flexibility in implementing MSRs, and as we all know "one size does not fit all". This session explored the successes and challenges of fulfilling our mandate and significant variations in implementation across the state. The speakers will engage the audience in an honest dialogue of MSR questions we all face: Are we meeting its intended purpose? How should we balance "comprehensive" yet be practical with resources? Are they worth the tremendous effort? What's the value and how MSRs being used creatively? What's the legislature's next step thinking for MSRs? Real time surveying was used to gather information about how different LAFCo's are using MSRs.

- **The natural disaster phenomenon: How it is changing the way LAFCos plan and respond?**

Recently Californians have experienced numerous disasters, both natural and human-created, from wildfires, earthquakes, floods, droughts, and dam failures. This session focused on the way LAFCo's are responding to disasters be it through facilitating partnerships, renewed awareness for

Municipal Service Reviews, Spheres of Influence or changes of organization. Increasingly, LAFCOs are playing a larger, more specialized role in disaster recovery, such as resolving barriers to agency consolidations that would have not occurred if it had not been for the disaster.

- **LAFCOs and fire protection services: Synching up spheres, boundaries, contracts and auto-aid**

The entire State is wrestling with the provision of fire services. This session explored recent changes and emerging trends in fire protection services in California and relationships therein with LAFCOs. Practitioners discussed the challenges and opportunities underlying the delivery of fire protection relative to LAFCOs' prescribed directives from the Legislature. Topics included: funding fire protection, effects of climate change, implementing SB 239, and spheres v. boundary drops.

- **Promoting adaptive change in a messy world**

Dr. Frank Benest, former City Manager, discussed how local governments now operate in a messy, disruptive world. He was thoughtful, informative and inspiring. This interactive session explores the need for all public-sector leaders to experiment, cross boundaries, take "smart risks" and adapt over time. You will help identify the big challenges facing your LAFCOs in the next five years and the competencies needed by leaders at all levels to address those challenges.

- **Agricultural preservation: From vision to action**

This diverse panel of experts/practitioners shared their knowledge and first-hand experience on some hot topics covered in American Farmland Trust and CALAFCO's recent White Paper – State of the Art on Agricultural Preservation, including: preserving farmland in this age of climate change, strategic tools for preserving farmland in your county, and LAFCO vs. Farmland Mapping and Monitoring Program's definitions for prime farmland, and LAFCO's role in leading ag preservation.

- **CALAFCO legislative update – A conversation with the Assembly Local Government Committee Chair and 2018 legislative impacts on LAFCOs**

We heard from the Chair of the Assembly Local Government Committee (ALGC), the Honorable Cecilia Aguiar-Curry, on the focus of the ALGC and her unique Capitol perspective as a former LAFCO Commissioner. This was a recap the 2018 legislative impacts on LAFCOs. There was an opportunity for Q&A with the Chair. We also received updates from the ALGC's Consultant and members of the CALAFCO Legislative Committee.

2018 Legislation

The State legislature was busy again this year. CALAFCO monitored a number of bills and provided input to inform legislators and their staff of LAFCO role in governance and service issues. CALAFCO also sponsored the omnibus bill (AB 3254) which made minor, non-substantive changes to Cortese-Knox-Hertzberg Act

including clarifying definitions of various terms for purposes of that Act, including the terms “affected territory” and “inhabited territory.” This bill would revise those definitions to include territory that is to receive extended services from a local agency, and additionally define the term “uninhabited territory” for purposes of the Act. CALAFCO also sponsored AB 2258 which would have provided a grant program for LAFCOs to use for certain changes of organizations. Several other bills were passed into law that impact LAFCO’s work:

AB 2019 – Health care districts-CALAFCO took a watch position on this bill.

Amends the Health & Safety Code 32139 to require HCDs to:

- Adopt an annual budget on or before 9/1 of each year in a public meeting
- Establish & maintain a website with a statutory list of 8 required element
- Adopt annual policies for providing grant funding with a list of prescribed policy requirements
- Requires an HCD to provide written notice to LAFCo within 10 days of filing a petition for bankruptcy.

SB 929 – Special districts internet web sites- CALAFCO took a support position on this bill. Adds Section 53087.8 to the Government Code requiring:

- Independent special districts (as defined in 56044) to maintain an internet website by 1/1/20
- Allows for an exemption based on hardship – with no statutory list of exemptions
- District must adopt a resolution declaring its determination that a hardship exists that prevents it from establishing/maintaining an Internet website
- Resolution valid for one year and must be adopted annually as long as hardship exists
- Website requirements are spelled out in the statute in Section 53087.8(a)(2) and (3).

AB 2238 (Aguiar-Curry D) Local agency formation: regional housing need allocation: fire hazards: local health emergencies: hazardous and medical waste. CALAFCO took a support position on this bill after it was amended.

This bill is in response to the rash of wildfires throughout the state over the past several years. This bill added another factor for LAFCo consideration in the review of a proposal. That factor is information contained in a local hazard mitigation plan, information contained in a safety element of a general plan, and any maps that identify land as a very high fire hazard zone pursuant to Section 51178 or maps that identify land determined to be in a state responsibility area pursuant to Section 4102 of the Public Resources Code, if it is determined that such information is relevant to the area that is the subject of the proposal. The bill also adds two non-LAFCo-related sections pertaining to the update of a housing element.

AB 2258 (Caballero D) Local agency formation commissions: grant program.

This is a CALAFCO sponsored bill following up on the recommendation of the Little Hoover Commission report of 2017 for the Legislature to provide LAFCos one-time grant funding for in-depth studies of potential reorganization of local service

providers. The bill was vetoed by the Governor because the funds were not appropriated by the legislature. The Strategic Growth Council (SGC) would have administer the grant program. Grant funds would have been used specifically for conducting special studies to identify and support opportunities to create greater efficiencies in the provision of municipal services; to potentially initiate actions based on those studies that remove or reduce local costs thus incentivizing local agencies to work with the LAFCo in developing and implementing reorganization plans; and the dissolution of inactive districts (pursuant to SB 448, Wieckowski, 2017). The grant program would sunset on July 31, 2024.

The bill would have changed the protest threshold for LAFCo initiated actions, solely for the purposes of actions funded pursuant to this new section. It allows LAFCo to order the dissolution of a district (outside of the ones identified by the SCO) pursuant to Section 11221 of the Elections code, which is a tiered approach based on registered voters in the affected territory (from 30% down to 10% depending). Amendments taken in Senate Governance & Finance and Natural Resources & Water narrow the scope of the bill to focus on service providers serving disadvantaged communities; requires LAFCo pay back grant funds in their entirety if the study is not completed within two years; and requires the SGC to give preference to LAFCOs whose decisions have been aligned with the goals of sustainable communities strategies.

SB 1215 (Hertzberg D) Provision of sewer service: disadvantaged communities.
CALAFCO took an oppose position on this bill.

The Governor signed this bill into law. As amended, this bill authorizes the State Water Resources Control Board (SWRCB) to mandate extension of service or consolidation of wastewater systems - both public and private, under certain circumstances. The process mirrors the process set forth in SB 88 giving the SWRCB authority to mandate the same for drinking water systems. However, ***the bill allows for an extension up to 3 miles with no requirements for annexation of the territory***; does not provide a definitive source of funding; does not require those will failing systems to connect to the new system; and charges opt-out fees to those who do not.

The Sphere-CALAFCO Newsletter

Attached is the CALAFCO Annual Conference version of “The Sphere” newsletter. It contains number of very good articles. A couple of note is the Legal Corner article focuses on cases related to; Local Taxing Powers Generate Big Cases and reasonably limiting public comment. Also the CALAFCO 2018 Annual Report to the Membership provides a great summary of CALAFCO activities. Pamela Miller, CALAFCO Executive Director writes a though provoking viewpoint on CALAFCO and her trip to South Africa. The Sphere can also be accessed at the link below:

https://calafco.org/sites/default/files/resources/The_Sphere/Oct%202018_Final.pdf