MEMORANDUM

TO: Local Agency Formation Commission

FROM: Stephen Lucas, Executive Officer

SUBJECT: Agenda Item 6.1 - Executive Officer’s Report

DATE: September 26, 2019 for the meeting of October 3, 2019

ADMINISTRATION:

1. The Special District regular non-enterprise Commissioner seat is finally filled after an 8 month effort to obtain a quorum of voting districts...congratulations Al McGreehan from the Paradise Recreation and Park District. Unfortunately, now Commissioner McGreehan's alternate seat is vacant and subject to election. Staff will create a new ballot and once again ask for nominations for a Special District Alternate.

PROJECT NOTES:

The following proposals are currently known and being discussed and/or considered:

- **County of Butte/Agriculture Groundwater Users of Butte County** - Proposed formation of California Water District (Landowner voter district to be called Tuscan Water District) to serve agricultural lands roughly north of Durham to the Tehama County line and west of SR99 to the Sacramento River for the purpose of considering/evaluating/studying the potential to move surface water allocations from current sources to the groundwater dependent north county area roughly aligned with the Vina Sub Basin.

- **Miocene Canal** - With the destruction of the upper Miocene Canal by the Camp Fire, water flow down the middle and lower Miocene has stopped. PG&E so far refuses to repair the canal infrastructure and the dependent landowners are struggling to find a solution to replace the lost water flow. One possible scenario is to form a special district to finance and manage any future facilities. Staff continues to participate in discussions and will report back.

- **Thermalito Sewer and Water District** - Sphere of Influence Amendment and Annexation of the clay pits recreation area southeast of the Oroville airport along Larkin Road.

- **Oroville Mosquito Abatement District** - Dissolution and Annexation of territory to Butte County Mosquito and Vector Control District. Staff provided OMAD legal counsel draft sample District dissolution resolution/application for action. OMAD legal counsel informed staff on September 23, that the District anticipates placing the dissolution question on its October agenda.

- **County of Butte** - Expansion of Powers for CSA 164 to add fire protection services.

- **South Feather Water and Power Agency** - MSR/SOI Update and comprehensive annexation plan to address domestic water services to the Palermo area and other areas.

- Update to LAFCO service extension policy concerning consideration of exemptions under GC56133 which is currently being done by the Executive Officer.

- **Durham Mosquito Abatement District** - Staff has sent a letter to the DMAD requesting a progress update related to the recent MSR/SOI update and is setting a meeting with the District manager to discuss the District's progress and the path forward.

- **SB2 Planning Grant** - Staff has been discussing a cooperative partnership with the County Department of Development Services to utilize its SB2 Planning Grant funds to conduct a
Municipal Service Review and sphere of influence updates for back bone service providers in the Oroville region. This is to be done in support of future housing options that can be provided once core services can be assured.

- **County of Butte/Paradise Irrigation District** - The County of Butte and the Paradise Irrigation District are developing a proposal known as the Paradise Irrigation District (PID)/California Water Service (CWS) Intertie Project Feasibility Study. As discussed in the LAFCo letter of September 4, 2019 (Attachment 1), the PID proposes to extend its treated water services to an intertie with CWS that would allow currently surplus treated water capacity to be sold to the CWS for retail distribution to its Chico customers. As currently proposed, such an extension of services would fall under the authority of LAFCo to approve. Staff will stay involved with the proposal and provide updates as they develop.

**CALAFCO:**

1. The Executive Officer, Legal Counsel and Commissioner Connelly will be presenting at the 2019 CALAFCO Annual Conference in Sacramento October 29 - November 1. Legal Counsel will be leading a CEQA discussion session; the EO will be on a panel "MSRs: You get out what you put in", about mustering up the political will to make tough decisions/determinations; and Commissioner Connelly will be on a general session titled “Stress Testing: LAFCOs’ Oversight of Local Agencies and Municipal Services in Changing Times” along with State OPR Director Kate Gordon. The session explores new and emerging hazards on local municipal service providers counties, cities, and districts - and LAFCOs’ role.

**LEGISLATION:** Noting to report at this time.

**GENERAL NOTES:** The Butte County RCD has taken a big step towards addressing a key LAFCO MSR determination related to increasing its potential through partnerships with neighboring RCDs. To this end, the Butte RCD is considering an agreement with Glenn County that is based on providing NRCS with irrigation engineering services and the second is the larger SAC Valley MOU that includes the following RCD's: Butte County, Colusa County, Feather River, Glenn County, Lake County, Sutter County, Tehama County, Western Shasta and Yolo County that will allow work cross-boundaries with other RCD's in the region to share resources, collaborate on funding and accomplish more on the ground conservation.

**APPLICATION ACTIVITY:**

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CAMP FIRE RECOVERY UPDATE

1. As previously reported, Staff assisted the Butte County Mosquito and vector Control District (BCMVCD) in securing significant funding from various sources to address increased service issues related to the Camp Fire due to thousands of exposed septic systems, unmanaged pools and a myriad of other standing water sources that offer breeding habitat. The District has acknowledged this assistance at its regular meeting of June 12, 2019 as follows:

   **Excerpt from BCMVCD Minutes of June 12, 2019** - On May 16, 2019, the District Manager met with Butte County LAFCo, USDA, Cal OES, and FEMA to discuss grant assistance programs to assist the District with the increased resource drain and increased expenditure needs the District is enduring due to the Camp Fire. The District is indebted to Steve Lucas of Butte LAFCo. Mr. Lucas has assisted and advocated on the District’s behalf countless times throughout the aftermath of the Camp Fire. Mr. Lucas has been the District’s point of contact connecting the District to the various agencies that can provide assistance.

   2. Staff continues to assist the Paradise Recreation and Park District (PRPD) in determining house sizes (sq.ft.) that were destroyed by the Camp Fire and being rebuilt. The District will use this data to determine if development impact fees will need to be collected should rebuilt homes exceed the original square footage. The LAFCo Staff coordinated with the Butte County Assessor's Office and will be providing this data upon request of the District for the foreseeable future.

Attachments:  
1. 9/4/19 LAFCo Letter to Butte County/PID re: PID/CWS Intertie Project
2. CALAFCO Legislative Update
September 5, 2019

Paul Gosselin, Director
Butte County
Water and Resource Conservation Department
308 Nelson Avenue
Oroville, CA 95965

Sent Via Email to: pgosselin@buttecounty.net

Kevin Phillips, Manager
Paradise Irrigation District
6332 Clark Road
Paradise, CA 95969

Sent Via Email: kphillips@paradiseirrigation.com

Re: Proposed Paradise Irrigation District/California Water Service Inter Tie Project

Dear Paul and Kevin:

The Butte Local Agency Formation Commission (LAFCO) staff has reviewed the September 4, 2019, agendas for the Butte County Water Commission, Item #6 (Attachment 1) and the Paradise Irrigation District, Item 3.c (Attachment 2), which considers the proposed Paradise Irrigation District (PID)/California Water Service (CWS) Inter Tie Project. As we understand the proposal, the County and PID propose to study the feasibility of constructing facilities and providing treated (potable) water from PID’s facilities in Paradise to an intertie with the CWS facilities located in the Chico urban area for retail distribution to CWS customers. It appears this is being proposed to 1) provide revenue to PID to address the dire fiscal needs of the PID following the loss of 85% of its customers; and 2) to allow the CWS to use PID surface water to reduce its reliance on groundwater which will benefit the recharge of the valley aquifer within the Vina Groundwater Sustainability Agency (VGSA).

Government Code Section 56133(a)(b) mandates that a city or district may provide services by contract or agreement outside its jurisdictional boundaries “only if first requests and receives written approval from LAFCO. It would appear that PID is considering an action that may come within the purview of Section 56133. If so, it will require LAFCo approval before such provision of treated water may proceed.

The LAFCO review of this proposal will consider the following questions to determine the applicability of GC56133:

1. 56133(a) Does the PID intend to offer, deliver or otherwise provide any of its services outside of its jurisdictional boundaries?

   The answer is yes, the PID treated water will be extended/utilized outside of its jurisdictional boundaries. While CWS will be delivering it though its own Chico distribution system, PID is providing the treated water to distribute. The provision of treated water, even on a
2. Does the PID intend to offer, deliver or otherwise provide any of its services outside of its District Sphere of Influence?

The answer is yes, the PID treated water will be extended outside its LAFCO approved PID Sphere of Influence boundary. No part of the CWS service area is within the sphere of influence of PID.

3. Does Section 56133 allow LAFCo to Approve Such an Extension of Services Outside District Boundaries and the District Sphere of Influence?

The answer is maybe.

Service extensions outside of an agency’s Sphere of influence may only be approved by LAFCO if there is “an existing or impending threat to the health or safety of the public or the residents of the affected territory. (§56133(c))

The PID would need to provide documentation/justification of the existing or impending public health and safety threat the extension of services would address. This is a critical prerequisite to the project as it is the only legally permissible justification available to the LAFCO to approve a service extension request outside of an agency’s sphere of influence.

4. Does the service(s) to be provided outside of PID’s jurisdictional and sphere of influence boundaries qualify as exempt from the requirements of §56133.

There are limited exemptions in GC56133 for certain service extensions.

One such exemption, 56133(e)(1), exempts agreements between public agencies where the service is currently provided by both public agencies. The CWS is a private company and therefore this exemption cannot be applied.

Another exemption in 56133(e)(2) exempts agreements for the transfer of non-treated or non-potable water. The water in question here is treated and therefore, this exemption does not apply.

There are no other exemptions that could apply to this proposal.

5. What is the proposed term of the agreement? Is the proposed extension of treated water proposed to be a temporary or a long term arrangement?

Even where LAFCo may consider approval under 56133, the District will also have to justify the proposed treated water extension. It will have to demonstrate how it will NOT impact its current residents or its responsibility to serve the existing parcels within its jurisdictional boundaries/service area. It is fundamentally critical that the District maintain its fiscal viability, while also ensuring that its future service demands can be met.

In this regard, in order to comply with the requirements of CEQA, PID will also have to consider whether the proposal is a project subject to CEQA. To determine this it may be
necessary to determine if there is any potential of a project of this type to cause adverse environmental impacts. If it does, then some level of environmental review may be required.

LAFCo does not want to create problems for what appears to be a laudable project. However, we are all bound to comply with the law, even where it may complicate achievement of a desirable objective. We look forward to working with the County, PID and its partners in development of this proposal in order to determine if a legally permissible path forward can be found for LAFCo to approve the extension of services.

We request that the project description include the necessary step to request LAFCo authorization for this proposed extension of treated water. Such approval should be sought at an early point before significant money is committed to development.

Please don’t hesitate to contact me should you have any questions.

Sincerely,

Steve Lucas
Executive Officer

Attachments:  Water Commission staff report - August 20, 2019

cc:   LAFCO
Paradise Irrigation District – California Water Service Intertie Project
Feasibility Study Overview

August 20, 2019

Cooperative Effort
The feasibility study will be a cooperative effort between Paradise Irrigation District (PID), California Water Service (CWS) and Butte County. Key partners include Butte County Department of Public Works, City of Chico, the Vina GSA and the Town of Paradise.

Timeline
The feasibility study will begin in September 2019 and be completed by March 2020.

Project Benefits
The PID-CWS Intertie Project will be a key component to maintain the viability of PID during the rebuilding of the Town of Paradise.

The PID-CWS Intertie Project will be a potential "project" in the Vina Groundwater Sustainability Plan. A portion of the funding for the feasibility study will come from the Proposition 1 Groundwater Sustainability Grant.

Proposed Pipeline Alignment
Feasibility Study
The feasibility study will document the feasibility of constructing a pipeline from Paradise to Chico which will include an evaluation of the source water rights for permanent long-term supply, as well as the identification of the future investigations needed to proceed to the design phase of the project. Specifically, the feasibility study will:

- Identify the design criteria to be used, including:
  - Maximum pipeline velocities
  - Pipeline design pressure
  - Evaluate the installation of hydrants along Skyway Road to provide fire suppression support in this area
  - Assess the current volatile organic compound (VOC) issue and what impacts, if any, it will have on the project;

- Evaluate the pipeline hydraulics, including:
  - Options for reducing pressure including type of valves and number of pressure reducing stations
  - Pipeline static and under-operation pressures
  - Pressure requirements for the tie-in to the water treatment facility
  - Preparation of a project hydraulic profile

- Identify the requirements for crossing Butte Creek and Comanche Creek (information from PG&E’s crossing of these two creeks will be utilized).

- Identify environmental documentation and permitting requirements likely to apply to the project, including California Environmental Quality Act (CEQA) documentation, County and City encroachments, and California Department of Fish and Game Lake and Streambed Alteration Agreements. It is assumed that the County will hire a separate CEQA consultant and therefore environmental documentation/CEQA will not be included in this scope of services.

- Identify temporary construction easements that might be needed to construct the proposed facilities and permanent easements or land acquisitions that might be needed for permanent facilities. It is anticipated that most of the pipeline will fall within existing road rights-of-way and will require encroachment permits from the appropriate jurisdictional agency. Areas that might require additional easements or land acquisitions include land for the pressure reducing stations and the crossings of Butte Creek and Comanche Creek. Information from the recent PG&E powerline installation will be evaluated.

- Evaluate the water rights (e.g., Butte County Table A) that would be needed to permanently supply treated surface water via the Hendricks Canal to PID’s water treatment plant.
AGREEMENT BETWEEN THE COUNTY OF BUTTE, PARADISE IRRIGATION DISTRICT
AND THE CALIFORNIA WATER SERVICE COMPANY REGARDING
THE INTERIE FEASIBILITY STUDY

This Agreement establishing the cooperation among the County of Butte, Paradise Irrigation District and the California Water Service Company, collectively referred to as the "Parties", is made and entered into and effective upon the date when the last Party signs this Agreement ("Effective Date").

WHEREAS, Paradise Irrigation District (PID) is a local public agency that provides drinking water for the customers in and around the Town of Paradise; and

WHEREAS, the 2018 Camp Fire destroyed the homes and businesses of approximately ninety percent of PID’s customers; and

WHEREAS, the rebuilding of the Town of Paradise will take years and during the rebuilding period, PID’s water supply, water treatment plant, and facilities may be underutilized and considered a stranded asset; and

WHEREAS, the County of Butte is a Member Agency of the Vina Groundwater Sustainability Agency (GSA); and

WHEREAS, the Vina GSA must develop and implement a groundwater sustainability plan that will include projects that will achieve groundwater sustainability for the Vina subbasin and in compliance with the Sustainable Groundwater Management Act; and

WHEREAS, the California Water Service Company supplies water in their service area in the Vina subbasin; and

WHEREAS, the California Water Service Company has an interest in projects that are economically viable for its customers that will improve groundwater sustainability conditions; and

WHEREAS, an intertie project that would supply California Water Service with Paradise Irrigation District water may provide a dual benefit of (1) keeping Paradise Irrigation District financially viable and (2) improve groundwater sustainability in the Vina subbasin ("Project"); and

WHEREAS, a feasibility study is necessary to better understand Project potential and help determine whether it could be mutually acceptable to the Parties; and

WHEREAS, West Yost Associates has proposed a scope of work for the feasibility study proposal under a time and materials contract, not to exceed $143,800 and to be completed by February 2020; and

NOW THEREFORE, for good and valuable consideration, it is in the mutual interest of the Parties that the feasibility study be undertaken and the Parties agree to the following:

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1. The Parties will act as equal partners overseeing the execution of the feasibility study and any decisions regarding changes, additions or modifications to the feasibility study, including but not limited to scope or payment, must be mutually agreed to by all Parties in writing.

2. Butte County will execute and administer the contract with West Yost Associates;

3. The Parties agree to contribute to the actual cost of conducting the feasibility study as follows:
   
   Butte County 50%, not to exceed $72,000
   Paradise Irrigation District 25%, not to exceed $35,900
   California Water Service Company 25%, not to exceed $35,900

4. California Water Service Company will submit a payment to Butte County of its 25% share, not to exceed $35,900 upon completion of the feasibility study or by March 1, 2020; whichever is later.

5. Paradise Irrigation District will submit a payment to Butte County of its 25% share, not to exceed $35,900 by June 1, 2020.

IN WITNESS WHEREOF, the Parties hereto, pursuant to authorizations of their respective governing boards, have caused their names to be affixed by their proper and respective officers as the date of execution of this Agreement.

PARADISE IRRIGATION DISTRICT                      COUNTY OF BUTTE

______________________________                  ______________________________
Kevin M. Phillips                        Steve Lambert, Chair
District Manager                        Board of Supervisors

REVIEWED AS TO FORM
BRUCE S. ALPERT
BUTTE COUNTY COUNSEL

______________________________                  ______________________________
By                                         Date

CALIFORNIA WATER SERVICE COMPANY

______________________________                  ______________________________
Date:                                        Date:

Agenda Page 10
CALAFCO Daily Legislative Report
as of Monday, July 22, 2019

**AB 508**  (Chu D) Drinking water: consolidation and extension of service: domestic wells.

- **Current Text:** Amended: 5/6/2019  [html](#)  [pdf](#)
- **Introduced:** 2/13/2019
- **Last Amended:** 7/5/2019
- **Status:** 7/10/2019-From committee: Do pass and re-ref to Com. on APPR. (Ayes 5. Noes 0.) (July 10). Re-referred to Com. on APPR.
- **Calendar:** 8/12/2019 10 a.m. - John L. Burton Hearing Room (4203) SENATE APPROPRIATIONS, PORTANTINO, Chair

**Summary:**
The California Safe Drinking Water Act requires the State Water Resources Control Board, before ordering consolidation or extension of service, to, among other things, make a finding that consolidation of the receiving water system and subsumed water system or extension of service to the subsumed water system is appropriate and technically and economically feasible. This bill would modify the provision that authorizes consolidation or extension of service if a disadvantaged community is reliant on a domestic well described above to instead authorize consolidation or extension of service if a disadvantaged community, in whole or in part, is reliant on domestic wells that consistently fail to provide an adequate supply of safe drinking water.

**Position:** Watch

**Subject:** Disadvantaged Communities, Water

**CALAFCO Comments:** This bill allows the SWRCB to order an extension of service in the case a disadvantaged community has at least one residence that are reliant on a domestic well that fails to provide safe drinking water. It allows members of the disadvantaged community to petition the SWRCB to initiate the process. It allows the owner of the property to opt out of the extension. The bill also places limitations on fees, charges and terms and conditions imposed as a result of the extension of service. Finally, the extension of service does not require annexation in the cases where that would be appropriate.

**AB 600**  (Chu D) Local government: organization: disadvantaged unincorporated communities.

- **Current Text:** Amended: 4/29/2019  [html](#)  [pdf](#)
- **Introduced:** 2/14/2019
- **Last Amended:** 4/29/2019
- **Status:** 6/24/2019-Read second time. Ordered to third reading.

**Summary:**
Under current law, an application to annex a contiguous disadvantaged community is not required if, among other things, a local agency formation commission finds that a majority of the registered voters within the disadvantaged unincorporated community are opposed to the annexation, as specified. This bill would additionally provide that an application to annex a contiguous disadvantaged community is not required if the commission finds that a majority of the registered voters within the affected disadvantaged unincorporated community would prefer to address the service deficiencies through an extraterritorial service extension.

**Attachments:**
- CALAFCO Oppose letter_05_07_19
- LAFCo Oppose letter template_05_07_19
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**Position:** Oppose

**Subject:** Disadvantaged Communities, Water

**CALAFCO Comments:** As amended on April 29, the bill still has a number of issues. The bill still allows for an extension of service in lieu of annexation. The bill adds (8)(C) to Government Code Section 56375. As written, this section creates confusion and contradicts §56375(8)(A). It appears 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. The bill does nothing to address the engineering and financial issues that must be solved in order to ensure sustainable service. Further it does not allow for local circumstances and conditions to be considered by offering a “one size fits all” approach.

**AB 1253**  (Rivas, Robert  D)  Local agency formation commissions: grant program.

**Current Text:** Introduced: 2/21/2019  [html](#)  [pdf](#)

**Introduced:** 2/21/2019

**Status:** 7/10/2019-Failed Deadline pursuant to Rule 61(a)(10). (Last location was GOV. & F. on 6/6/2019)(May be acted upon Jan 2020)

**Summary:**

This bill would require the Strategic Growth Council, until July 31, 2025, to establish and administer a local agency formation commissions grant program for the payment of costs associated with initiating and completing the dissolution of districts listed as inactive, the payment of costs associated with a study of the services provided within a county by a public agency to a disadvantaged community, as defined, and for other specified purposes, including the initiation of an action, as defined, that is limited to service providers serving a disadvantaged community and is based on determinations found in the study, as approved by the commission. The bill would specify application submission, reimbursement, and reporting requirements for a local agency formation commission to receive grants pursuant to the bill. The bill would require the council, after consulting with the California Association of Local Agency Formation Commissions, to develop and adopt guidelines, timelines, and application and reporting criteria for development and implementation of the program, as specified, and would exempt these guidelines, timelines, and criteria from the rulemaking provisions of the Administrative Procedure Act. The bill would make the grant program subject to an appropriation for the program in the annual Budget Act, and would repeal these provisions on January 1, 2026. This bill contains other existing laws.

**Attachments:**

- [LAFCo Support Letter Template](#)
- [CALAFCO Support letter Feb 2016](#)

**Position:** Sponsor

**Subject:** Disadvantaged Communities, LAFCo Administration, Municipal Services, Special District Consolidations

**CALAFCO Comments:** 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. Last year, the Governor vetoed AB 2258 - this is the same bill. The Strategic Growth Council (SGC) will administer the grant program. Grant funds will be 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, Wieckowsk, 2017). The grant program would sunset on July 31,2024. The bill also changes 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 int he affected territory (from 30% down to 10% depending). The focus is on service providers serving disadvantaged communities. The bill also 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. The fiscal request is $1.5 million over 5 years. CALAFCO is attempting to get this in the May revise budget so there is no General Fund appropriation (the reason Gov. Brown vetoed the bill).

**AB 1389**  (Eggman  D)  Special districts: change of organization: mitigation of revenue loss.

**Current Text:** Introduced: 2/22/2019  [html](#)  [pdf](#)

**Introduced:** 2/22/2019

**Status:** 5/3/2019-Failed Deadline pursuant to Rule 61(a)(3). (Last location was L. GOV. on 3/14/2019)(May be acted upon Jan 2020)
Summary:
Would authorize the commission to propose, as part of the review and approval of a proposal for the establishment of new or different functions or class of services, or the divestiture of the power to provide particular functions or class of services, within all or part of the jurisdictional boundaries of a special district, that the special district, to mitigate any loss of property taxes, franchise fees, and other revenues to any other affected local agency, provide payments to the affected local agency from the revenue derived from the proposed exercise of new or different functions or classes of service.

Position: Watch
Subject: CKH General Procedures
CALAFCO Comments: This bill allows LAFCo, when approving a proposal for new or different functions or class of service for a special district, to propose the district provide payments to any affected local agency for taxes, fees or any other revenue that may have been lost as a result of the new service being provided.

**AB 1751** (Chiu D) Water and sewer system corporations: consolidation of service.
Current Text: Amended: 5/1/2019  html  pdf
Introduced: 2/22/2019
Last Amended: 7/5/2019
Status: 7/5/2019-Read second time and amended. Re-referred to Com. on APPR
Summary: Current law authorizes the State Water Resources Control Board to order consolidation of public water systems where a public water system or state small water system serving a disadvantaged community consistently fails to provide an adequate supply of safe drinking water, as provided. This bill, the Consolidation for Safe Drinking Water Act of 2019, would authorize a water or sewer system corporation to file an application and obtain approval from the commission through an order authorizing consolidation with a public water system or state small water system, or to implement rates for the subsumed water system.

Position: Watch
Subject: Water
CALAFCO Comments: This bill allows for water (public or state small) or sewer systems corps to file an application for consolidation with the SWRCB.

**AB 1822** (Committee on Local Government) Local Government: omnibus.
Introduced: 3/11/2019
Last Amended: 4/8/2019
Summary: Current law requires a commission to develop and determine the sphere of influence of each city and each special district within the county and enact policies designed to promote the logical and orderly development of areas within each sphere. Current law requires the commission, in order to prepare and update spheres of influence in accordance with this requirement, to conduct a service review of the municipal services provided in the county or other appropriate area designated by the commission, as specified. Current law defines “sphere of influence” to mean a plan for the probable physical boundaries and service area of a local agency. Current law defines the term “service” for purposes of the act to mean a specific governmental activity established within, and as a part of, a general function of the special district, as specified. This bill would revise the definition of the term “service” for these purposes to mean a specific governmental activity established within, and as a part of, a function of the local agency.

Attachments:
CALAFCO Support letter_April 16, 2019
LAFCo Support letter template
Position: Sponsor
Subject: LAFCo Administration
CALAFCO Comments: This is the annual Omnibus bill.

**SB 414** (Caballero D) Small System Water Authority Act of 2019.
Introduced: 2/20/2019
Last Amended: 5/17/2019
Status: 7/11/2019-From committee: Do pass and re-refer to Com. on APPR. (Ayes 7. Noes 1.) (July 10). Re-referred to Com. on APPR. (Received at desk July 10 pursuant to JR 61(a)(10)).  
Summary: Would create the Small System Water Authority Act of 2019 and state legislative findings and declarations relating to authorizing the creation of small system water authorities that will have powers to absorb, improve, and competently operate noncompliant public water systems. The bill, no later than March 1, 2020, would require the state board to provide written notice to cure to all public agencies, private water companies, or mutual water companies that operate a public water system that has either less than 3,000 service connections or that serves less than 10,000 people, and are not in compliance, for the period from July 1, 2018, through December 31, 2019, with one or more state or federal primary drinking water standard maximum contaminant levels, as specified.  
Position: Support  
Subject: Water  
CALAFCO Comments: This bill is very similar to AB 2050 (Caballero) from 2018. Several changes have been made. This bill is sponsored by Eastern Municipal Water District and the CA Municipal Utilities Assoc. The intent is to give the State Water Resources Control Board (SWRCB) authority to mandate the dissolution of existing drinking water systems (public, mutual and private) and authorize the formation of a new public water authority. The focus is on non contiguous systems. The SWRCB already has the authority to mandate consolidation of these systems, this will add the authority to mandate dissolution and formation of a new public agency. LAFCo will be responsible for dissolving any state mandated public agency dissolution, and the formation of the new water authority. The SWRCB’s appointed Administrator will act as the applicant on behalf of the state. LAFCo will have ability to approve with modifications the application, and the new agency will have to report to the LAFCo annually for the first 3 years.

SB 646  (Morrell R)  Local agency utility services: extension of utility services.  
Current Text: Amended: 5/7/2019   html  pdf  
Introduced: 2/22/2019  
Last Amended: 5/7/2019  
Summary: The Mitigation Fee Act, among other things, requires fees for water or sewer connections, or capacity charges imposed by a local agency not exceed the estimated reasonable cost of providing the service for which the fee or charge is imposed, unless a question regarding the amount of the fee or charge imposed in excess of the reasonable cost of providing the service or materials is submitted to and approved by 2/3 of the electors voting on the issue. The Mitigation Fee Act defines the term “fee” for these purposes. This bill would revise the definition of “fee” to mean a fee for the physical facilities necessary to make a water connection or sewer connection, and that the estimated reasonable cost of labor and materials for installation of those facilities bears a fair or reasonable relationship to the payor’s burdens on, or benefits received from, the water connection or sewer connection.  
Position: Neutral  
Subject: CKH General Procedures  
CALAFCO Comments: UPDATE AS OF THE 4/11/19 AMENDMENTS: These amendments address all of our concerns and the bill now only addresses fees. This bill does 3 things. (1) Seeks to add a provision to 56133 that requires LAFCo to approve an extension of service regardless of whether a future annexation is anticipated or not. It further requires the service provider to extend the provision of service to a property owner regardless of a whether there is a pending annexation or pre-annexation agreement. The newly proposed subsection directly contradicts subsection (b). (2) Changes the definition of “fee” by requiring the new few "is of proportional benefit to the person or property being charged." There is no reasonable definition or application of "proportional benefit". (3) Narrows the scope of application of Section 56133 to water or sewer service; and prohibits the service provider to charge higher fees and charges to those outside the jurisdictional boundaries.