

## M E M O R A N D U M

**TO:** Local Agency Formation Commission

**FROM:** Stephen Lucas, Executive Officer

**SUBJECT:** **Agenda Item 6.1 - Executive Officer's Report**

**DATE:** January 25, 2017 for the meeting of February 2, 2017

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### **ADMINISTRATION:**

1. The terms of two Special District seats (Lando, McGreehan) are due to end May 2017 and staff will begin the process of running the election for the special districts. This will start with a call for nominations in January and conclude with a mailed ballot election in April.
2. The 2015/16 annual audit is nearing completion and is expected to be presented to the Commission at its March meeting.

### **PROJECT NOTES:**

1. Staff has begun the process of updating the Mosquito and Vector Control District Municipal Service Review and preparing the associated Sphere of Influence Plans for each of the three districts (Butte County, Durham, and Oroville). Staff met with the District managers on January 9, 2017, to discuss the process and questionnaires that will be used to collect data.

### **CALAFCO:**

1. Attached for review is the 2017 CALAFCO Calendar and the January 2017 Quarterly Report.
2. The CALAFCO Board annual goal setting retreat was held January 11 and 12, 2017. A discussion of the outcomes of these meetings is found in Quarterly Report attached.

### **LEGISLATION:**

1. CALAFCO has agreed to sponsor only one standalone bill this year to make necessary corrections to GC56653 as proposed by Butte's Legal Counsel. Commissioner Connelly, Legal Counsel, the EO and CALAFCO Executive Director met with our Assemblyman, James Gallagher January 9, 2017 to present the bill language as can be reviewed in Attachment 3. We have since learned that Assemblyman Gallagher has agreed to be the principal author.

**GENERAL NOTES:** Staff met with a party interested in resurrecting the Chico Gateway project located on the south edge of Chico adjacent to and west of SR99, north of Butte Creek in the area of the little league baseball fields. The project, if developed, has the potential for hundreds of new residential uses and may help in bringing both sewers and public water to the Entler Road industrial park.

## APPLICATION ACTIVITY

APPLICATION ACTIVITY								
Project Status As of January 24, 2017								
File	Applicant	Project Name	Date Application Received	Certificate of Filing	LAFCO Hearing Date	Certificate of Completion	SBE Submittal Date	Additional Comments
11-06	Butte County	CSA No. 114 - Expansion of Powers	02/02/11	N/A	pending	N/A	N/A	Incomplete - On Hold
15-17	Chico	Chapman Annexation No. 1	04/17/15	05/17/15	07/02/15			To be Recorded 7/2020
15-18	Chico	Mulberry Annexation No. 1	04/17/15	05/17/15	07/02/15			To be Recorded 7/2020
16-05	LAFCO	CSA MSR / SOI Plan Update	N/A	N/A	09/01/16	N/A	N/A	Approved - completing final doc
16-08	Oroville	Ext of Services - 67 Riverview Terrace	04/06/16	N/A	08/04/16	N/A	N/A	Island annexation application received
17-01	Chico	Humboldt Road Annexation No. 19	08/08/16	08/23/16	09/01/16	01/04/17		Approved - need Auditor's TRA listing
17-02	Oroville	Riverview Terrace Annexation No. 1	09/19/16	10/13/16	11/03/16			Approved - need new map/legal
17-03	LOAPUD	Olive Hwy Annexation No. 1	09/19/16	10/11/16	11/03/16			Heard again 1/5/17 - approved
17-04	Chico	MSR-SOI Plan Update		NA		NA	NA	Letter agreement Oct. 2015
17-05	Chico	Ext of Services - 85 Rose Avenue	10/12/16	N/A	01/05/17	N/A	N/A	Approved
17-06	PID	SOI Amend & Neal Rd Annexation	10/31/16	11/22/16	01/05/17			Continued to 2/2/17
17-07	LAFCO	Mosquito - MSR/SOI Plan Update	N/A	N/A		N/A	N/A	In progress
17-08	PID	Mountain View Dr Annexation No. 1	11/18/16	12/15/16	02/02/17			In progress
17-09	Chico	Ext of Services - 18 Mayfair Drive	12/01/16	N/A	02/02/17	N/A	N/A	Emergency connection approved
SP-57	LAFCo	Gateway at Butte Creek						Consultation

- Attachments: 1. CALAFCO 2017 Calendar of Events  
 2. CALAFCO January 2017 Quarterly Report  
 3. Legislative Proposal



# 2017 Events Calendar

## JANUARY

- 11 CALAFCO Board of Directors Strategic Planning Retreat (San Jose)
- 12 CALAFCO Board of Directors Meeting (San Jose)
- 18-20 CA Assn. of Sanitation Agencies Conference (Palm Springs)
- 18-20 League New Mayor & Council Academy (Sacramento)
- 27 CALAFCO Legislative Committee (Sacramento)

## FEBRUARY

- 24 CALAFCO Legislative Committee (Irvine)

## MARCH

- 8 Assn. of CA Water Agencies Legislative Symposium (Sacramento)
- 16-19 Local Government Commission Ahwahnee Conference (Yosemite)
- 24 CALAFCO Legislative Committee (Sacramento)

## APRIL

- 5-7 CALAFCO Staff Workshop (Fresno)
- 5-7 Fire District Assn. Annual Meeting (Monterey)
- 19 League of Cities Legislative Day (Sacramento)

## MAY

- 5 CALAFCO Board of Directors Meeting (Sacramento)
- 12 CALAFCO Legislative Committee (Sacramento)
- 9-12 Assn. of CA Water Agencies Conference (Monterey)
- 16-17 CA Special Districts Assn. Legislative Days (Sacramento)
- 17-18 CA State Assn. of Counties Legislative Days (Sacramento)

### Sharing Information and Resources

CALIFORNIA ASSOCIATION OF LOCAL AGENCY FORMATION COMMISSIONS

1215 K Street, Suite 1650  
Sacramento, CA 95814  
916-442-6536

## JUNE

- 23 CALAFCO Legislative Committee (Conference call)
- 28-29 League Mayor & Council Executive Forum (Monterey)

## JULY

## AUGUST

- 11 CALAFCO Legislative Committee (Conference call)
- 18 CALAFCO Board of Directors Meeting (Irvine)
- 22-24 CA Assn. of Sanitation Agencies Annual Conference (San Diego)

## SEPTEMBER

- 13-15 League Annual Conference (Sacramento)
- 25-28 CA Special Districts Assn. Annual Conference (Monterey)
- 27-29 Regional Council of Rural Counties Annual Conference (South Lake Tahoe)

## OCTOBER

- 25-27 CALAFCO Annual Conference (San Diego)
- 26 CALAFCO Annual Business Meeting (San Diego)
- 27 CALAFCO Board of Directors Meeting (San Diego)

## NOVEMBER

- 3 CALAFCO Legislative Committee (2018) (Conference call)
- 27-30 CA State Assn. of Counties Annual Conference (Sacramento)
- 28-30 Assn. of CA Water Agencies Conference (Anaheim)

## DECEMBER

- 1 CA State Assn. of Counties Annual Conference (Sacramento)
- 1 Assn. of CA Water Agencies Conference (Anaheim)
- 8 CALAFCO Board of Directors Meeting (Sacramento)
- 15 CALAFCO Legislative Committee (2018) (Sacramento)



# News from the Board of Directors

## CALAFCO QUARTERLY

January 2017



### **CALAFCO Board and Staff Meet in Biennial Strategic Planning Retreat**

On January 11, 2017, the CALAFCO Board held their biennial strategic planning retreat in San Jose. During the day-long retreat they reviewed Association accomplishments for 2016, completing the annual dashboard review in the process, reaffirmed CALAFCO's mission as an educational 501(c)3 non-profit Association, and worked extensively in the review of the current strategic plan priority areas.

The group comprehensively discussed the idea of transitioning to a lobbying organization and after carefully and thoroughly reviewing all options and their pros and cons, the Board unanimously reaffirmed the educational mission of the organization.

An in-depth discussion regarding roles and responsibilities of the Board, Staff and the organization's Committees yielded several policy changes including a change in the name and scope of work for the Board's Nomination Committee (now called the Election Committee), effective immediately, and a change in the membership structure of the Legislative Committee, effective 2018. The Legislative Committee will be comprised of five (5) total voting and five (5) total alternate Board members (one less than current), and two (2) voting members from each region with one (1) alternate per region. There will also now be an Advisory Committee which will be a resource to the Legislative Committee to work on specific bills or legislative projects.

A great deal of time was spent considering how CALAFCO can expend its limited resources in the area of member development.

All of the work done during the retreat will be presented back to the Board in the form of a 2-year strategic plan for consideration and adoption at their May 5 meeting.

### **Additional CALAFCO Board Actions**

Following their strategic planning retreat, the Board met in a regular Board meeting on January 12. During the meeting the Board addressed several administrative issues including:

- ◆ The quarterly financial reports were reviewed. The budget is on track for the year with no changes anticipated.
- ◆ The Board considered the 2017-18 dues. CALAFCO Bylaws call for the dues to automatically increase annually by the state CPI, unless the Board takes action otherwise. Given the decision two years ago to raise LAFCo member dues by seven (7) percent each year for two years, the Board took action to not increase the dues by the CPI and reaffirmed the 7% increase. This is the second and final year of that



approved increase. All Executive Officers received the approved dues for FY 2017-18.

- ◆ The Legislative Policies for 2017 were adopted.
- ◆ The 2017-2018 Primary Strategic Areas were adopted as follows:
  - ◆ Educational resource for internal and external stakeholders
  - ◆ Member development and communication
  - ◆ Act as a resource

The Board narrowed the scope of the Strategic Plan to be better equipped at using existing resources in a way that brings greater value to the Association, its members and stakeholders. The Board will adopt a full two-year Strategic Plan at their May 5 meeting. That Plan will detail objectives for the three strategy areas.

### **Conferences and Workshops Update**

#### **2017 STAFF WORKSHOP**

The 2017 Staff Workshop is set for *April 5-7* at the Doubletree by Hilton in downtown Fresno. Our host for this workshop is *Fresno LAFCo*. The Program Planning Committee is busy planning a great program. There is a long list of interesting topics being considered by the program team and a draft program will be made available by mid-February. Look for registration to open at that time as well. Registration rates for the Workshop will remain at the 2016 rates.

#### **2017 ANNUAL CONFERENCE**

Mark your calendars for the 2017 Annual Conference on *October 25-27*. We will be in Mission Bay, San Diego at the Bahia Hotel. Watch for preliminary program announcements in the spring. This is the first year for a *CALAFCO* hosted Conference and we are looking at lots of new and interesting ideas, so you will not want to miss out on this exciting and valuable educational and networking event!

### **CALAFCO White Papers and Other Publications**

We are pleased to start the year with the release of the White Paper on the *Sustainable Groundwater Management Act (SGMA) and LAFCos*. The purpose of this paper is to summarize how SGMA will impact LAFCos across the state. You can find this paper on the CALAFCO website.



In partnership with the American Farmland Trust (AFT), we are currently working on a White Paper on *Ag Policies*. Work on this project is anticipated to be completed this July.



CALAFCO is undertaking a White Paper and mapping project on *Disadvantaged Unincorporated Communities* throughout the state. This is one of our main projects for 2017 and work will begin very shortly on this project.

### **CALAFCO Website**

We are pleased to report the migration to the new and improved website was conducted seamlessly the last week of December. If you have not already checked it out, take a visit at [www.calafco.org](http://www.calafco.org) and see for yourself. Remember that in order to access the Members Only section you must request a new user name and password, unless you were previously using your own unique user name and password. To make that request, from the homepage select the orange Login button at the top right. Select Create New Account, enter your desired user name and your email address, and then click on the Create New Account button. CALAFCO staff will be notified of your request and upon verification of your affiliation with a LAFCo or Associate Member, your request will be approved. No requests will be approved unless the person is directly associated as staff or commissioner of a LAFCo or directly affiliated with the Associate Member's business (an employee).

### **CALAFCO Administration Update**

#### **2016 CKH Guide Update Now Available**

The 2016 CKH Guide Update is now available. You can download the new Guide from the CALAFCO website, or place your order with CALAFCO for printed versions. The order form is also located on the CALAFCO website.



#### **2017 Calendar of Events Published**

The 2017 Calendar of Events is available online at the CALAFCO website and has also been distributed to the membership via the list serves.

#### **2017-2018 Membership Directories**

Watch for the new printed directories coming this spring. They will be distributed at the Staff Workshop and will also be available online.

### **CALAFCO Legislative Update**

This is the first year of the new two-year legislative cycle. Not surprisingly, it's a slow start for bill introductions with only 396 bills introduced so far in both houses. The deadline to submit bill language to Leg Counsel was January 20, and the last day for bill introductions is February 17. It is expected that over the next several weeks the blitz of bill introductions will occur. This year, the Assembly has the authority to introduce ten additional bills per Legislator per year than before, bringing the total to 50 for each Assembly



Member. This could mean as many as 800 more bills introduced this year than in previous years.

The Senate has made their Committee appointments and the Senate Governance & Finance Committee (SGFC) has a new Chair - Senator Mike McGuire. Former Chair Senator Hertzberg is now a member of the Committee. Other than Senator McGuire, there are no new members on this committee. The long-time staff consultant to the committee (Brian Weinberger) was replaced with Jimmy MacDonald, former legislative advocate for CSDA.

The Assembly has made their Committee Chair appointments, and just recently made their membership appointments. The Assembly Local Government Committee (ALGC) has a new Chair - Assm. Cecilia Aguiar-Curry. She is a former Mayor and Yolo LAFCo Commissioner. In total, 8 of the 9 committee members are new to the committee.

CALAFCO is working to secure an author for our sponsored bill amending GCS 56653, as previously approved by the Board. In addition, we are working with CSDA as they take the lead to secure an author for our co-sponsored bill to streamline the addition of special districts on LAFCOs.



### **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.*

#### ***E Mulberg & Associates***

*E Mulberg & Associates* has been a Silver Associate Member since March 2011. Services offered include Municipal Service Reviews, Sphere of Influence updates, changes in organization, staff reports, CEQA analysis, and assistance with applications to LAFCo. For more information, contact **Elliot Mulberg** at [elliott@emulberg.com](mailto:elliott@emulberg.com) or visit their website at [www.emulberg.com](http://www.emulberg.com).

#### ***Goleta West Sanitary District***

A Silver Associate Member since August 2011, **Goleta West Sanitary District** provides wastewater collection and treatment as well as street sweeping services. Formed in 1954, the district serves over 35,000 people. For more information, visit their website at



# News from the Board of Directors **CALAFCO QUARTERLY**

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[www.goletawest.com](http://www.goletawest.com), or email their *General Manager Mark Nation*, at [info@goletawest.com](mailto:info@goletawest.com).

#### *LACO Associates*

*LACO Associates* has been a Silver Associate Member since February 2012. *LACO* provides integrated solutions for development, infrastructure and geo-environmental projects. Their services include planning, design, engineering and geo-environmental as well as CEQA compliance, GIS, MSRs and economic studies. For more information visit their website at [www.lacoassociates.com](http://www.lacoassociates.com), or email their *President Mike Nelson* at [nelsonm@lacoassociates.com](mailto:nelsonm@lacoassociates.com).

LACO



#### *Griffith & Masuda*

*Griffith & Masuda* has been a Silver Associate Member since March 2012. Founded in 1920, they specialize in water, energy, environmental and public law matters. They focus on serving public agencies and serve as general counsel or special water counsel to various agencies in the Central Valley. For more information, visit their website at [www.calwaterlaw.com](http://www.calwaterlaw.com) or email *David Hobbs* at [dhobbs@calwaterlaw.com](mailto:dhobbs@calwaterlaw.com).

#### *HdL Coren & Cone*

*HdL Coren & Cone* has been a Silver Associate Member since July 2013. They provide property tax services to cities, counties and special districts. They are very familiar with county property allocation systems and redevelopment (and its dissolution). They have property tax data in 40 California counties going back as far as 25 years. For more information, visit them at [www.hdlcompanies.com](http://www.hdlcompanies.com), or email *Paula Cone* at [pccone@hdlccpropertytax.com](mailto:pccone@hdlccpropertytax.com).

#### *Planwest Partners, Inc.*

*Planwest Partners Inc.* has been a Silver Associate Member since August 2014. They provide contract LAFCo staffing services to multiple LAFCOs. This includes preparing and conducting MSRs and SOI updates, public noticing, environmental documents, GIS, fiscal and economic studies, website management, application processing, facilitation and training. For more information, visit them at [www.planwestpartners.com](http://www.planwestpartners.com), or email *George Williamson* at [georgew@planwestpartners.com](mailto:georgew@planwestpartners.com).

PLANWEST  
PARTNERS, INC.

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

- ◆ CALAFCO Legislative Committee meeting, January 27, Sacramento
- ◆ CALAFCO Legislative Committee meeting, February 24, Irvine
- ◆ CALAFCO Legislative Committee meeting, March 24, Sacramento
- ◆ CALAFCO Staff Workshop, April 5-7, Fresno
- ◆ CALAFCO Board of Directors meeting, May 5, Sacramento

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

##### **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*

##### **2018 STAFF WORKSHOP**

April 11 – 13  
Four Points Sheraton  
San Rafael, CA  
*Hosted by Marin LAFCo*

##### **2018 ANNUAL CONFERENCE**

October 3-5  
Tenaya Lodge  
Yosemite, CA  
*Hosted by CALAFCO*

# Legislative Proposal

## 1. Contact Information

Name: **Stephen Lucas**  
CALAFCO Executive Officer  
Phone: **530-538-7784**  
E-mail: **slucas@buttecounty.net**

**Pamela Miller**  
CALAFCO Executive Director  
916-442-6536  
pmiller@calafco.org

Attachment 3

## 2. Topic Area: Other: *Local Government*

## 3. Please describe your legislative proposal. If you have draft language for the proposal, please include it.

*See Attachments 1 (Bill Text) and 2 (Background Summary)*

## 4. What specific problem or deficiency in current statute are you trying to address? Please be as precise as possible. If you have a specific code section(s), please list them.

*Government Code Section 56653 requires an applicant proposing a change of organization or reorganization to submit a plan for providing services within the affected territory. That plan must include a description of the services and an indication of when services can be extended to the affected territory. However, current law allows LAFcos to approve the extension of services prior to annexation in anticipation of the annexation of that territory at a later date. Without this clarification an application for the annexation of territory already provided with services would be invalid. The necessity for this clarification to current law was discussed in the ruling of the Court of Appeal in *City of Patterson v. Turlock Irrigation District* ((2014) 227 Cal.App.4<sup>th</sup> 484).*

## 5. Do you have specific examples that demonstrate the seriousness of the problem?

*LAFCo's regularly annex areas into districts that are already being served by the district under contract. The Appellate Court's decision suggests LAFcos cannot do so. This puts all future annexations into legal jeopardy.*

## 6. Which organizations do you anticipate would support or oppose the proposal?

*Support: CALAFCO and its 58 member LAFcos, City of Patterson. We will approach the League of Cities and Special District Association and request support.  
Potential Opposition: Turlock Irrigation District*

## 7. Has a similar proposal been introduced before in California or other states?

*Yes. This bill was proposed as a part of the CALAFCO Omnibus Bill in 2015. However, just before hearing the Turlock Irrigation District contacted Assembly Local Government Committee staff with concerns about this item. As Omnibus bills require inclusion of only non-controversial items, this particular proposal had to be removed from the bill. At that point it was too late in the legislative process for us to find an author to carry the bill. In 2016, the language was inserted into a bill concerning disadvantaged unincorporated communities [SB1318 (Wolk)] but ultimately Sen. Wolk dropped the bill for reasons unrelated to this proposal.*

## 8. Please provide any additional information you would like us to review:

*See attachments.*

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56653. (a) If a proposal for a change of organization or reorganization is submitted pursuant to this part, the applicant shall submit a plan for providing services within the affected territory.

(b) The plan for providing services shall include all of the following information and any additional information required by the commission or the executive officer:

(1) An enumeration and description of the services, currently provided or to be extended to the affected territory.

(2) The level and range of those services.

(3) An indication of when those services can feasibly be extended to the affected territory, if new services are proposed.

(4) An indication of any improvement or upgrading of structures, roads, sewer or water facilities, or other conditions the local agency would impose or require within the affected territory if the change of organization or reorganization is completed.

(5) Information with respect to how those services will be financed.

(c) (1) In the case of a change of organization or reorganization initiated by a local agency that includes a disadvantaged, unincorporated community as defined in Section 56033.5, a local agency may include in its resolution of application for change of organization or reorganization an annexation development plan adopted pursuant to Section 99.3 of the Revenue and Taxation Code to improve or upgrade structures, roads, sewer or water facilities, or other infrastructure to serve the disadvantaged, unincorporated community through the formation of a special district or reorganization of one or more existing special districts with the consent of each special district's governing body.

(2) The annexation development plan submitted pursuant to this subdivision shall include information that demonstrates that the formation or reorganization of the special district will provide all of the following:

(A) The necessary financial resources to improve or upgrade structures, roads, sewer, or water facilities or other infrastructure. The annexation development plan shall also clarify the local entity that shall be responsible for the delivery and maintenance of the services identified in the application.

(B) An estimated timeframe for constructing and delivering the services identified in the application.

(C) The governance, oversight, and long-term maintenance of the services identified in the application after the initial costs are recouped and the tax increment financing terminates.

(3) If a local agency includes an annexation development plan pursuant to this subdivision, a local agency formation commission may approve the proposal for a change of organization or reorganization to include the formation of a special district or reorganization of a special district with the special district's consent, including, but not limited to, a community services district, municipal water district, or sanitary district, to provide financing to improve or upgrade structures, roads, sewer or water facilities, or other infrastructure to serve the disadvantaged, unincorporated community, in conformity with the requirements of the principal act of the district proposed to be formed and all required formation proceedings.

(4) Pursuant to Section 56881, the commission shall include in its resolution making determinations a description of the annexation development plan, including, but not limited to, an explanation of the proposed financing mechanism adopted pursuant to Section 99.3 of the Revenue and Taxation Code, including, but not limited to, any planned debt issuance associated with that annexation development plan.

(d) This section shall not preclude a local agency formation commission from considering any other options or exercising its powers under Section 56375.

(e) This section shall remain in effect only until January 1, 2025, and as of that date is repealed.



The 5<sup>th</sup> District Court of Appeal issued a decision in the case of City of Patterson v. Turlock Irrigation District June 26, 2014 Cite as 14 C.D.O.S. 7193. In that case the City of Patterson (the City) applied to Stanislaus LAFCo to require annexation of territory into Turlock Irrigation District (TID) already receiving electrical service but at a higher rate because they were outside the district boundaries. TID adopted a resolution to terminate the proceedings as authorized by 56857 and the City sued TID to invalidate the resolution terminating proceedings. The Court of Appeal ruled against the City, but never addressed the invalidity of the TID resolution. Rather the Court of Appeal decided that the City's annexation application was invalid and therefore it did not reach the issue of TID's resolution. The Court of Appeal appears to take the position that no annexation application can be made to annex territory into a district unless there is a plan for services. That is fine as far as it goes but the Court also goes on to say that an annexation application must propose to "extend services" and that therefore an application to annex territory already served is prohibited under the express language of 56653.

The Court states:

"Therefore, we conclude that an application for the annexation of territory must include a plan for providing services to the affected territory, and that plan must describe the services to be extended to the affected territory. If the application does not propose to extend services to the affected area, then it is unable to satisfy the mandatory terms of section 56653 and, therefore, cannot be considered a valid and complete application. (See § 56658, subs. (c) & (g) [incomplete applications].)

Because the City's application, in the form presented, does not comply with the statute, and it appears that the City will not be able to cure the noncompliance by providing the required plan, nothing useful could be accomplished by this court issuing a writ of mandate directing TID to set aside its resolution requesting termination. Such a writ could not lead to Stanislaus LAFCo validly approving the City's application proposing an annexation of territory by TID because the application fails to comply with the Reorganization Act. (Wilson v. Blake, supra, 169 Cal. at p. 454.)"

This is disturbing in that LAFCo's regularly annex areas into districts that are already being served by the district under contract. The Appellate Court's decision suggests LAFCOs cannot do so. We believe the Court of Appeal has misconstrued the meaning of "extension of services". Our proposal corrects what the Court believes is an omission in the statute.