

May 7, 2015 (Agenda)

Local Agency Formation Commission
105 East Anapamu Street
Santa Barbara CA 93101

**Consider recommendations regarding Potential Advocacy Positions of Legislation:
AB 1532 (ALGC), AB 851 (Mayes) and SB 239 (Hertzberg)**

Dear Members of the Commission,

RECOMMENDATION

Consider recommendations regarding a Potential Advocacy Position of Legislation: AB 1532 (ALGC), AB 851 (Mayes) and SB 239 (Hertzberg), as follows:

- a) Take an advocacy position of support on AB 1532 (ALGC);
- b) Take an advocacy position of support on AB 851 (Mayes);
- c) Take an advocacy position of opposition on SB 239 (Hertzberg); and
- d) Direct staff to forward, approve and authorize the Chair, or designee, to execute letters stating the Commission's decisions to the respective legislative authors, members of the legislation including, but not limited to, appropriate committee chairs.

DISCUSSION

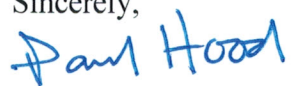
The attached e-mail from CALAFCO Executive Director Pamela Miller calls for "legislative action" from LAFCO Executive Officers who serve on the CALAFCO Legislative Committee. Ms. Miller is requesting letters from LAFCO's either in support or in opposition to various bills that are pending in the State Legislature.

In the past, Santa Barbara LAFCO has not taken positions on bills unless the bill directly affects the Commission. Two of the bills in Ms. Miller's request are for support letters, AB 1532, the annual omnibus bill and AB 851 which will update disincorporation statutes. The other bill is SB 239 (Hertzberg) that would allow unions to have the final say in approving the extension of fire service out fire district boundaries.

Because the letters of support or opposition were requested on April 2, 2015 to be sent by requested by April 8th, it was not possible for the Commission to authorize that letters be sent. In situations like this, it would seem appropriate that letters be sent by the Executive Officer or Commission Chair, subject to later ratification by the Commission.

Local Agency Formation Commission
May 7, 2015 (Agenda)
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Sincerely,



PAUL HOOD
Executive Officer

Paul Hood

From: Pamela Miller <pmiller@calafco.org>
Sent: Thursday, April 02, 2015 4:51 PM
To: eo@calafco.org
Cc: 'Ben Legbandt'; 'Bob Braitman'; 'Carole Cooper'; 'Carolyn Emery'; 'Clark Alsop'; Danielle Bruce; 'David Church'; 'Dr. William Kirby'; 'Gay Jones'; 'George Spiliotis'; 'Harry Ehrlich'; 'Harry Ehrlich'; 'James Curatalo'; 'John Leopold'; 'Josh Susman'; 'Juliana Inman'; Julie Allen; 'Kai Luoma'; 'Kathleen Rollings-McDonald'; 'Keene Simonds'; 'Kristina Berry'; 'Lou Ann Texeira'; 'Marjorie Blom'; 'Mary Jane Griego'; Michael Kelley; 'Mike McGill'; 'Mona Palacios'; 'Nancy Miller'; 'Neelima Palacherla'; 'Paige Hensley'; 'Pamela Miller'; 'Paul Hood'; 'Paul Novak'; 'Paula de Sousa'; Ricky Samayoa; 'Scott Browne'; SR Jones; Stephen Tomanelli; 'Steven Lucas'
Subject: CALAFCO CALL FOR LEGISLATIVE ACTION
Attachments: AB 851 CALAFCO Fact Sheet Final.pdf; AB 851 CALAFCO Letter of Support.pdf; AB 851Proposed amendments to Leg Counsel 04_01_15.pdf; SB 239 CALAFCO Letter of Opposition_Final.pdf; AB 1532_CALAFCO Support.pdf; AB 448_Support_Mar 2015.pdf; SB 25_Support_Mar 2015.pdf
Importance: High

Good afternoon EOs. This is a call for legislative action.

This year CALAFCO is sponsoring two bills: our annual omnibus bill, [AB 1532](#) (Assembly Local Government Committee (ALGC)), and [AB 851](#) (Mayes).

AB 1532 - REQUESTING LETTERS OF SUPPORT

AB 1532 addresses technical, non-substantive changes to CKH and has been thoroughly vetted by the CALAFCO Legislative Committee and the entire ALGC stakeholder review team. Attached is CALAFCO's letter of support for this bill. ***CALAFCO is requesting that your LAFCO also send a letter of support for the annual Omnibus bill.*** Please feel free to use the attached letter as a template. You will want to address your letter the same as the CALAFCO letter, and be sure to copy the same people as is on the CALAFCO letter (and don't forget to provide CALAFCO a copy as well).

AB 851 - REQUESTING LETTERS OF SUPPORT

AB 851 cleans up the outdated disincorporation statutes. CALAFCO has been working extensively with various stakeholder groups over the past several months in making the proper amendments to the bill. Attached you will find: (1) the CALAFCO letter of support, and (2) an internal Fact Sheet that explains why we are undertaking this bill, a summary of the changes being proposed, and where we are at in the amendment process. Because we are going to be submitting substantial amendments that have been agreed upon by all of the stakeholders with whom we are working, I have attached the draft amendments as they have been submitted to Leg Counsel to this email. I am hoping this will help some of you answer the questions you have been receiving from your cities and counties. ***CALAFCO is requesting that your LAFCO send a letter of support or support in concept knowing there are amendments forthcoming for this bill.*** Please feel free to use the attached letter as a template. You will want to address your letter the same as the CALAFCO letter, and be sure to copy the same people as well as CALAFCO on your letter. The letters must be received by the committee consultant at the end of the day on April 16th in order to be included in the bill analysis for the April 22nd hearing.

SB 239 - REQUESTING LETTERS OF OPPOSITION

Right now, CALAFCO is in strong opposition to SB 239 (Hertzberg). As amended, this bill will circumvent local District Board and LAFCo authority on service extensions relating to fire protection services by allowing unions the authority to approve/disapprove the service contracts. Further, as written, these changes will require CEQA review. The bill sets a precedent for fire unions to have the final authority to approve fire-related service extensions, thereby opening the door for all other service-related unions to have the same. In addition, the bill requires a comprehensive fiscal analysis for service extensions, which is now only required for incorporations.

CALAFCO is requesting that your LAFCO send a letter opposing this bill. Please feel free to use the attached letter as a template. You will want to address your letter the same as the CALAFCO letter, and be sure to copy the same people as well as CALAFCO on your letter. The letters must be received by the committee consultant at the end of the day on April 8th in order to be included in the bill analysis for the April 15th hearing.

Other Bills for which CALAFCO has taken a position:

CALAFCO has also taken a support position for AB 448 (Brown) and the companion bill SB 25 (Roth), and we invite you to do the same. Both of those letters are also attached for your use as templates.

Please let me know if you have any questions on any of these bills or our request for action.

Thank you for your support.

Pamela

Pamela Miller
Executive Director
California Association of Local Agency Formation Commissions
1215 K Street, Suite 1650
Sacramento, CA 95814
916-442-6536

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April 2, 2015

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Deputy Executive Officer

JENI TICKLER
Executive Assistant

Honorable Brian Maienschein, Chair
Assembly Local Government Committee
California State Assembly
State Capitol, Room 4139
Sacramento, CA 95814

RE: **SUPPORT of AB 1532: Local Government Committee Omnibus Bill**

Dear Assembly Member Maienschein:

The California Association of Local Agency Formation Commissions (CALAFCO) is pleased to sponsor and support the Assembly Local Government Committee Bill **AB 1532** 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 local agency formation commissions. 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 1532** makes several minor technical changes, corrects obsolete and incorrect code references, and makes minor updates to outdated sections. CALAFCO is grateful to the members of our Legislative Committee and to your Committee and staff, 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 local agency formation commissions. As always I am happy to provide any additional information needed.

Yours sincerely,



Pamela Miller
Executive Director

cc: Members, Assembly Local Government Committee
Misa Lennox, Associate Consultant, Assembly Local Government Committee
William Weber, Consultant, Assembly Republican Caucus

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March 17, 2015

Assembly Member Chad Mayes
California State Assembly
State Capitol, Room 4144
Sacramento, CA 95814

RE: **AB 851 (Mayes) – Local Government: Organizations: Disincorporations – SUPPORT**

Dear Assembly Member Mayes:

The California Association of Local Agency Formation Commissions (CALAFCO) is pleased to support and sponsor Assembly Bill 851. The bill makes long overdue updates to the statutes relating to disincorporations of cities.

The Cortese-Knox-Hertzberg Local Government Reorganization Act of 2000 (the Act) establishes a Local Agency Formation Commission (LAFCo) in each California County to oversee proposed changes of organization for cities and districts throughout the state. Further, LAFCo is the entity that receives and processes proposals and applications for disincorporations. The statutes within the Act addressing the disincorporation process have not been updated since their creation in 1963.

The longer-term effects of the recession, the demise of redevelopment agencies, and the elimination of motor vehicle in-lieu fees for newly incorporated cities with SB 89 (2011, Committee of Budget and Fiscal Review) are having a substantial financial impact on cities throughout the State. In many instances this domino effect has rendered a number of cities insolvent. Many of those cities find themselves either having filed for bankruptcy or considering that path. As a last resort, some cities are considering disincorporation as an option.

A city can be disincorporated either through State legislative statute or by going through a local process. Prior to the Act, seventeen cities have disincorporated, each of which ended up reincorporating at a later time. Since the inception of the Act, only two cities have disincorporated. The City of Hornitos was disincorporated by State statute in 1973, and the City of Cabazon in 1972, who went through the disincorporation process as prescribed in the Act.

Much has changed in State law since 1972 when the statutes were last used and there is no current precedent for a disincorporation. As LAFCos are approached by cities inquiring about the disincorporation process, the Commissions and LAFCo staff determined that the statutes are out-of-date and in some cases no longer legal. As the agency that is required to process the proposal or application for disincorporation, LAFCos have a vested interest in ensuring the processes are up-to-date, legal, consistent across codes, and fair and reasonable for all entities involved.

Assembly Member Chad Mayes
Re: ABB 851
March 17, 2015
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This bill brings the statutes into compliance with the mandates of Propositions 13 and 218 and uses the incorporation provisions as a template to propose changes in the disincorporation process. Further, the bill:

- Clarifies the expectation for assignment of responsibility for debt that will continue in existence after disincorporation;
- Establishes the parameters and requirements for the submission of the Plan for Service for a disincorporation proposal which outlines existing services, the proponent's plan for the future of those services, and whether or not a bankruptcy proceeding has been undertaken;
- Establishes the responsibilities of LAFCOs in preparing a Comprehensive Fiscal Analysis for disincorporations; the determination of the transfer of property tax revenues previously received by the proposed disincorporating City; and the determination of the transfer of debt to a successor agency or agencies; and
- Retains LAFCOs existing authority to impose terms and conditions on a proposed disincorporation as well as the election requirements necessary for approval of disincorporation.

This bill is not intended to promote the use of the disincorporation process, nor is it intended to encourage cities to consider this as an option to relieve their fiscal emergencies. The ultimate success or failure of a proposal for disincorporation remains with the registered voters of the City proposed to be disincorporated. The process of taking the final decision to a vote of the people will not change. This bill merely clarifies the required process to get to that point. CALAFCO has and will continue to meet with stakeholders in an effort to receive feedback and work through points of concern.

Because AB 851 provides the necessary clean-up of outdated statutes relating to the process of disincorporation, CALAFCO supports this bill. We thank you for authoring this important legislation and look forward to continuing to work with you, your staff and stakeholders in creating a piece of legislation that works for all interested parties.

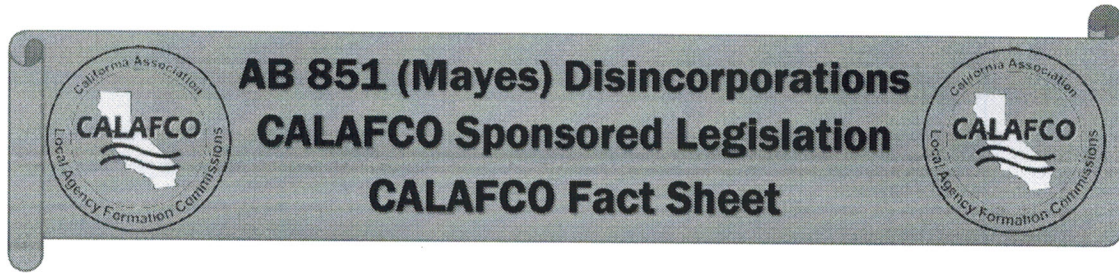
Yours sincerely,



Pamela Miller
Executive Director

cc: Members, Assembly Local Government Committee
Misa Lennox, Associate Consultant, Assembly Local Government Committee
William Weber, Consultant, Assembly Republican Caucus

ATTACHMENT



SUMMARY:

In February 2014, the CALAFCO Board of Directors established legislative priorities for the 2015 legislative year, as recommended by the CALAFCO Legislative Committee (the Committee). The top priority was to work on cleaning up the code sections relating to the disincorporation process. A subcommittee of the Committee was formed and worked diligently to identify the code sections needing updating. The proposal was vetted several times through the Committee and again by the Board. At the Board's direction, CALAFCO secured an author and submitted the proposal. The bill, AB 851, authored by Assemblymember Chad Mayes, updates sections to the Cortese-Knox-Hertzberg Local Government Reorganization Act of 2000 (the "Act") and Revenue & Taxation Code Section 99 related to disincorporations of cities.

PROBLEM STATEMENT AND BACKGROUND:

Although the Act has been updated numerous times since the inception of LAFCoS in 1963, the statutes addressing disincorporations have not been touched. It is necessary that the statutory provisions of the Act governing disincorporations be brought into compliance with provisions in the State Constitution and the mandates of Propositions 13 and 218.

Prior to the Act, seventeen cities have disincorporated, each of which ended up reincorporating at a later time. Since the inception of the Act, only two cities have disincorporated. The City of Hornitos was disincorporated via special legislation in 1973, and the City of Cabazon in 1972 went through the disincorporation process prescribed in the Act. A recent attempt at a legislative disincorporation of the City of Vernon failed. Much has changed in State law since 1972 when the statutes were last used and there is no current precedent for a disincorporation. As the agency that is required to process the proposal or application for disincorporation, LAFCoS have a vested interest in ensuring the processes are up-to-date, fair and reasonable for all entities involved, legal, and consistent across codes.

WHAT ARE THE SIGNIFICANT CHANGES?

Most significantly, this bill:

- Establishes the parameters and requirements for the submission of the Plan for Service for a disincorporation proposal which outlines existing services, the proponent's plan for the future of those services, and whether or not a bankruptcy proceeding has been undertaken.
- Establishes the responsibilities of LAFCoS in preparing a Comprehensive Fiscal Analysis for disincorporations; the determination of the exchange of property tax revenues previously received by the proposed disincorporating City; and the determination of the transfer of debt to a successor agency or agencies. The proposed disincorporation statutory changes uses the incorporation provisions as a template to propose changes in the disincorporation process.
- Retains LAFCoS existing authority to impose terms and conditions on a proposed disincorporation as well as the election requirements necessary for approval of disincorporation. The ultimate success or failure of a proposal for disincorporation remains with the registered voters of the City proposed to be disincorporated.
- Addresses planning, zoning and permitting for the territory being disincorporated.

- Repeals a number of provisions that are no longer constitutional and moves other provisions to more appropriate sections pertaining to the particular process required for disincorporating.

WHAT ELSE DOES THE BILL DO?

The requirements outlined in the proposed disincorporation statutory changes retain the ability of a local LAFCo and applicable local agencies to tailor policies and procedures to address individual local circumstances.

WHAT DOESN'T THE BILL DO?

- The bill is not intended to encourage the use of the disincorporation process, nor is it intended to encourage cities to consider this as an option to relieve their fiscal emergencies. The ultimate success or failure of a proposal for disincorporation would remain with the registered voters of the City proposed to be disincorporated.
- The bill does not change the process of taking the final decision to a vote of the people.
- The bill does not impose new taxes.
- The bill does not diminish any LAFCo authority.

IS CALAFCO WORKING WITH STAKEHOLDERS AND ARE THERE AMENDMENTS PENDING?

Even before the bill's introduction, CALAFCO began working with key stakeholders, including the League of CA Cities (League), the California State Association of Counties (CSAC), California Special Districts Association (CSDA), Rural County Representatives of CA (RCRC), and the Urban County Caucus. CALAFCO has had a number of meetings with all of these groups (both collectively and individually) over the past several months.

As a result of this proactive outreach, a number of amendments have been agreed upon and incorporated into the bill. Most significantly:

- Revises proposed new Government Code Section 57426 to better align with the goals of counties once the territory being disincorporated has been reverted back to the county; and
- Revises proposed new Government Code Section 56816 to address the identification of a successor agency to the city's former redevelopment agency.

There are a series of other amendments, most of which are technical and non-substantive in nature. The amendments, agreed upon by CALAFCO and all stakeholders noted above, are being provided to Legislative Counsel for formal write-up on April 2. The amended bill is expected to be published prior to the expected hearing date of April 22, 2015.

CALAFCO will continue to work with stakeholders on additional amendments that may be required.

WHAT CAN MY LAFCO DO TO SUPPORT CALAFCO AND AB 851?

CALAFCO is asking for all of our members to send in a Letter of Support for AB 851. A copy of CALAFCO's Letter of Support (and Sponsorship) is included with the Fact Sheet for your LAFCo to use as a template. We would appreciate it if your letter was received by April 16 in order to be included in the Assembly Local Government Committee consultant's bill analysis.

Questions or comments related to this process can be submitted to the CALAFCO Executive Director, Ms. Pamela Miller, at (916) 442-6536 or by email at pmiller@calafco.org.

April 2, 2015

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Senator Robert Hertzberg
California State Senate
State Capitol, Room 4038
Sacramento, CA 95814

RE: **SB 239 (Hertzberg) – Local Services: Contracts: Fire Protection Services – OPPOSE**

Dear Senator Hertzberg:

The California Association of Local Agency Formation Commissions (CALAFCO) has reviewed your bill (**SB 239**), which establishes an entirely new hybrid process pursuant to which Local Agency Formation Commissions (LAFCos) will consider the extension, by contract or agreement, of fire protection services outside a public agency's boundaries. Based on our review, we must respectfully **Oppose** the bill at this time. Simply put, we find the current version of **SB 239** flawed in various respects as follows:

- 1. Is Unnecessary in Light of Current Statutory Provisions/Amends the Wrong Provisions of the Cortese-Knox-Hertzberg Local Government Reorganization Act of 2000 (CKH):** The bill amendments, which not only revises several provisions in CKH, but also proposes to add entire new sections to CKH (including an entire new Article) related to the extension of fire services, by contract or agreement, outside a public agency's boundaries, are unnecessary. Specifically, Government Code section 56133, in CKH, already fully addresses the provision of all types of out of area service extensions by local public agencies and empowers LAFCos to independently consider all relevant factors associated with such requests prior to rendering a decision. CALAFCO fails to see why the provision of fire protection services, by contract or agreement, outside of a public agency's boundaries, requires a different level of review than other types of equally vital services or demands a heightened or weighted review from any commenter or affected agency. In sum, while CALAFCO believes that Government Code section 56133 fully addresses the issue of out of area services, any new provisions deemed necessary to specifically address the provision of out of area fire protection services should be included in 56133 instead of the statutory revisions and additions provided for in SB 239.
- 2. Would Unnecessarily Categorize the Provision of Extraterritorial Fire Protection Services as a "Change of Organization" under CKH and Unnecessarily Require the Same Level of Review Currently Required Only for Incorporations:** Not only will the bill amendments make LAFCo's review of the provision of extraterritorial fire protection services under contract or agreement a "change of organization" under CKH, thereby triggering the tax exchange negotiation requirements of Revenue and Taxation Code section 99 and compliance with CEQA, but also will require LAFCo's review to entail activities currently only reserved for proposals involving incorporations. Specifically, the bill amendments introduced last week require LAFCos to undertake a comprehensive fiscal analysis—an analysis used by LAFCos to analyze whether the creation of an entirely new city is fiscally feasible. We want to point out that in great many instances the provision of any service (including fire protection services) outside an agency's boundaries involves extension of services

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to a very limited area—sometimes just a few homes/properties or neighborhoods. In light of this, CALAFCO finds that requiring this level of review for provision of fire protection services outside an agency’s boundaries excessive. The bill completely fails to demonstrate how the proposed requirements will be synthesized with all relevant code sections in CKH or the Revenue and Taxation Code thus creating future conflicts to its implementation.

3. **Would for the First Time Require State Agencies to Obtain LAFCos Approval Authority:** LAFCos are charged with “discouraging urban sprawl, preserving open-space and prime agricultural lands, efficiently providing government services, and encouraging the orderly formation and development of local agencies based upon local conditions and circumstances.” (Government Code section 56301, emphasis added.) Under CKH, the term “local agency” is defined as including only a county, city or district. While LAFCos actions certainly at times involve interaction with public agencies of all types, including the State of California and its state agencies, **SB 239** would for the first time require a California state agency to apply for, and request LAFCo approval prior to undertaking an action that involves the provision of services outside of a public agency’s current service area under contract or agreement.

4. **Would Remove Discretion From Elected and Appointed Boards of Public Agencies Throughout the State as Well as From State Agencies by Requiring Pre-Approval of Recognized Employee Associations That are Already Fully Protected by the Meyers Milias Brown Act (MMBA):** The State legislature has provided for LAFCos to exist in each of the 58 counties for the purpose of promoting the efficient delivery of services and encouraging the orderly formation and development of local agencies. This structure ensures that all decisions are made in a transparent and orderly fashion and by locally elected and appointed officials representing the very agencies and voters affected by those decisions. To abrogate this critical function for a single category of services is not only inconsistent with CKH, but also obstructs the democratic process. Additionally, the rights of recognized employee associations is fully covered by the Meyers Milias Brown Act (MMBA), which already requires local agencies to “meet and confer” over decisions made by the agency that may result in changed work conditions. **SB 239** would require each and every possible contract or agreement involving the provision of extraterritorial fire protection services to be “pre-approved” by the affected labor associations, not only prior to moving forward with any such contract or agreement, but also prior to seeking LAFCo approval. CALAFCO fails to see why such “pre-approval” is appropriate or necessary when the interests of labor are already protected by the MMBA.

CALAFCO is gravely concerned about the precedent being set in **SB 239** by inappropriately and exclusively allowing fire protection services labor associations this kind of approval.

Furthermore, removing local control and authority of agency Boards and LAFCo decisions goes against one of CALAFCO’s core policies of preserving LAFCo authority and ability to make decisions and enact recommendations related to the delivery of services and the agencies providing those services.

Senator Hertzberg
RE: SB 239 – Oppose
April 2, 2015
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CALAFCO remains committed to supporting legislation that maintains and/or enhances the ability of LAFcos throughout the state to fulfill the legislative goals behind CKH, and specifically the efficient provision of government services. We appreciated the opportunity to meet with your staff and the bill's sponsor. However, we believe that the current statutory provisions governing the review and/or approval of the provision of services outside an agency's boundaries more than fully provide LAFcos with the means to completely evaluate the feasibility, both from a fiscal and service level perspective. As a result, we must respectfully **oppose SB 239**.

Yours sincerely,



Pamela Miller
Executive Director

Cc: Committee Members, Senate Local Governance and Finance Committee
Brian Weinberger, Consultant, Senate Local Governance and Finance Committee
Ryan Eisberg, Consultant, Senate Republican Caucus
Christy Bouma, CA Professional Firefighters Association

ATTACHMENT

23 March, 2015

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Executive Assistant

Assemblymember Cheryl Brown
California State Assembly
State Capitol Room 2136
Sacramento, CA 95814

Subject: **Support of AB 448**

Dear Assemblymember Brown:

The California Association of Local Agency Formation Commissions (CALAFCO) is pleased to support **AB 448**, authored by you. The bill reinstates allocations to cities which recently annexed inhabited areas, consistent with the allocation formula those communities relied upon when making the decision to annex the affected territory. Furthermore the bill declares the act as an urgency statute which will take effect immediately.

It was most unfortunate that AB 1521 (Fox, 2014), which was unanimously passed by the Legislature, was ultimately vetoed by the Governor.

The CALAFCO Board believes 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. Further, it created severe fiscal penalties for those communities which chose to annex inhabited territories, particularly unincorporated islands. In several previous legislative acts the Legislature had directed LAFCos to work with cities to annex unincorporated inhabited islands. SB 89 also created severe penalties for those communities which have recently voted to incorporate themselves.

Reinstating revenues for annexations and incorporations is consistent with the CALAFCO legislative policy of providing communities with local governance and efficient service delivery options, including the ability to incorporate or annex.

Because **AB 448** reinstates a critical funding component to inhabited annexations, CALAFCO supports this bill.

Thank you for carrying this important legislation.

Sincerely yours,



Pamela Miller
Executive Director

1215 K Street, Suite 1650
Sacramento, CA 95814

Voice 916-442-6536
Fax 916-442-6535

www.calafco.org

Cc: Committee Members, Assembly Local Government Committee
Misa Lennox, Associate Consultant, Assembly Local Government Committee
William Weber, Consultant, Senate Republican Caucus

3 March 2015

**2014-2015
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Senator Richard Roth
California State Senate
State Capital Room 4034
Sacramento, CA 95814

Subject: **Support of SB 25**

Dear Senator Roth:

The California Association of Local Agency Formation Commissions (CALAFCO) is pleased to support your bill SB 25. The bill reinstates allocations to recently incorporated cities consistent with the allocation formula those communities relied upon when making the decision to incorporate the affected territory.

It was most unfortunate that your bill SB 69 (2014), which was unanimously passed by the Legislature, was ultimately vetoed by the Governor.

The CALAFCO Board believes 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. Further, it created severe fiscal penalties for those communities which chose to annex inhabited territories, particularly unincorporated islands. In several previous legislative acts the Legislature had directed LAFCos to work with cities to annex unincorporated inhabited islands. SB 89 also created severe penalties for those communities which have recently voted to incorporate themselves. While SB 25 does not eliminate these disincentives and penalties for future incorporations, it makes whole the cities incorporated since 2004, and avoids the likely disincorporation or bankruptcies of these cities.

Reinstating revenues for incorporations is consistent with the CALAFCO legislative policy of providing communities with local governance and efficient service delivery options, including the ability to incorporate.

Because SB 25 reinstates a critical funding component to cities incorporated between January 1, 2004 and January 1, 2012, CALAFCO supports this bill.

Thank you for continuing to carry this important legislation.

Sincerely yours,



Pamela Miller
Executive Director

Cc: Committee Members, Senate Local Governance and Finance Committee
Brian Weinberger, Consultant, Senate Local Governance and Finance Committee
Ryan Eisberg, Consultant, Senate Republican Caucus

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