



Lou Ann Teixeira
Executive Officer

MEMBERS

Donald A. Blubaugh <i>Public Member</i>	Mary N. Piepho <i>County Member</i>
Federal Glover <i>County Member</i>	Rob Schroder <i>City Member</i>
Michael R. McGill <i>Special District Member</i>	Igor Skaredoff <i>Special District Member</i>
Don Tatzin <i>City Member</i>	

ALTERNATE MEMBERS

Candace Andersen <i>County Member</i>
Sharon Burke <i>Public Member</i>
Tom Butt <i>City Member</i>
George H. Schmidt <i>Special District Member</i>

September 10, 2014

Contra Costa Local Agency Formation Commission
651 Pine Street, Sixth Floor
Martinez, CA 94553

Legislative Report - Update and Positions

Dear Members of the Commission:

The second year of the 2013-14 legislative session is winding down; August 31st was the last day for each house to pass bills before the final recess, and September 30th is the last day for the Governor to sign or veto bills.

This was a busy year for LAFCO legislation (Attachment 1 – CALAFCO Legislative Summary). Two of CALAFCO's priority bills were chaptered – **AB 2762**, the CALAFCO omnibus bill, and **AB 2156** – which allows LAFCOs to request information from joint powers authorities (JPAs) and requires JPAs to respond. Further, CALAFCO has been actively working with legislators on a number of other high priority bills including **AB 1527** (Perea) - *Public Water Systems: Safe Drinking Water State Revolving Fund*, **SB 614** (Wolk) - *Local Government Jurisdictional Changes: Infrastructure Financing*, **AB 1739** (Dickinson) and **SB 1168** (Pavley) – *Groundwater Management*, and **SB 69** (Roth) and **AB 1521** (Fox) as discussed below.

At this time, CALAFCO is requesting support from its member LAFCOs on the following bills:

- **SB 69** (enrolled) This bill calls for reinstatement of the VLF through ERAF for cities that incorporated between January 1, 2004 and January 1, 2012. There are no provisions for back payments for lost revenue, but the bill does reinstate future payments beginning in the 2014-15 year for cities that incorporated between January 1, 2004 and January 1, 2012. CALAFCO is asking its members to send letters of support to the Governor. (Attachment 2)
- **AB 1521** (enrolled) This bill reinstates the VLF payment (through ERAF) and changes the way that the growth in the VLF adjustment amount (property tax in lieu of VLF) is calculated starting in FY 2014-15 to include the growth of assessed valuation, including in an annexed area, from FY 2004-05 to FY 2014-15. Beginning in FY 2015-16, the VLF adjustment amount would be the

jurisdiction's annual change in the assessed valuation. This bill has been marked as an urgency bill to take effect immediately. CALAFCO is asking its members to send letters of support to the Governor. (Attachment 3)

Attached are draft letters of support for the Commission's consideration.

RECOMMENDATION - Provide input and direction to staff.

Sincerely,

LOU ANN TEXEIRA
EXECUTIVE OFFICER

Attachment 1 – CALAFCO Legislative Summary
Attachment 2 – Draft Letter Supporting SB 69
Attachment 3 – Draft Letter Supporting AB 1521



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September 10, 2014

The Honorable Governor Edmund G. Brown, Jr.
 State of California
 State Capitol Building
 Sacramento, CA 95814

RE: Request to Sign AB 1521 (Fox)

Dear Governor Brown:

The Contra Costa Local Agency Formation Commission respectfully requests that you sign AB 1521 (Fox) which is now before you for action. AB 1521 goes a long way in restoring funding stability to the more than 144 cities which annexed inhabited areas since 2004, 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.

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, by eliminating over \$4 million in VLF allocations. SB 89 also created severe penalties for those communities which had recently voted to incorporate. The equitable distribution of VLF funds to cities that have annexed inhabited areas is vital to assure their financial feasibility.

This is a critical statewide policy issue with respect to future growth and planning. No longer are there incentives for cities to annex unincorporated inhabited areas. This has the likelihood of leading to urban sprawl and a lack of orderly growth, both of which are significant issues to LAFCOs statewide.

Because this bill reinstates a critical funding component to the cities that recently annexed territory and provides this mechanism for future annexations, we respectfully urge you to sign AB 1521. Please contact us with any questions you may have.

Sincerely,

Rob Schroder, Interim Chair
 Contra Costa LAFCO

c: Honorable Steve Fox, State Assembly member
 Ms. Camille Wagner, Chief Deputy Legislative Affairs Secretary to the Governor

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September 10, 2014

The Honorable Governor Edmund G. Brown, Jr.
 State of California
 State Capitol Building
 Sacramento, CA 95814

RE: Request to Sign SB 69 (Roth)

Dear Governor Brown:

The Contra Costa Local Agency Formation Commission (LAFCO) respectfully requests that you sign Senate Bill 69 (Roth) which is now before you for action. SB 69 goes a long way in restoring funding stability to the four cities that incorporated between January 1, 2004 and January 1, 2012 (Jurupa Valley, Wildomar, Menifee and Eastvale), and avoids the likely disincorporation or bankruptcy of these cities.

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. SB 89 also created severe penalties for those communities which had recently voted to incorporate. The equitable distribution of VLF funds to these newer cities is vital to assure their financial feasibility.

Because SB 69 reinstates a critical funding component to these recently incorporated cities, and provides these communities with effective local governance and efficient service delivery options, we respectfully urge you to sign SB 69.

Please do not hesitate to contact us with any questions you may have.

Sincerely,

Rob Schroder, Interim Chair
 Contra Costa LAFCO

c: Honorable Richard Roth, State Senator
 Ms. Camille Wagner, Chief Deputy Legislative Affairs Secretary to the Governor