

CALAFCO Daily Legislative Report as of Wednesday, August 07, 2019

AB 315 (Garcia, Cristina D) Local government: lobbying associations: expenditure of public funds.

Current Text: Amended: 7/5/2019 [html](#) [pdf](#)

Introduced: 1/30/2019

Last Amended: 7/5/2019

Status: 7/12/2019-Failed Deadline pursuant to Rule 61(a)(11). (Last location was NAT. RES. on 7/5/2019)
 (May be acted upon Jan 2020)

Desk	2 year	Fiscal	Floor	Desk	Policy	Fiscal	Floor	Conf. Conc.	Enrolled	Vetoed	Chaptered
1st House				2nd House							

Summary:

Current law authorizes the legislative body of a local agency, defined as a county, city, or city and county, or a district, defined broadly to include other political subdivisions or public corporations in the state other than the state or a county, city and county, or city, to attend the Legislature and the Congress of the United States, and any committees thereof, and to present information regarding legislation that the legislative body or the district deems to be beneficial or detrimental to the local agency or the district. Current law also authorizes the legislative body of a local agency or a district to enter into an association for these purposes and specifies that the cost and expense incident to the legislative body's or district's membership in the association and the activities of the association are proper charges against the local agencies or districts comprising the association. This bill, with respect to moneys paid to or otherwise received by an association from a local agency or district member of the association, would prohibit an association of local agencies or districts from expending those moneys for any purpose other than the above-described activities and educational activities.

Position: Watch

CALAFCO Comments: As gut an amended, this bill appears to have significant impact to CALAFCO in the uses of member LAFCO and certain Associate Member dues being limited to only direct educational activities. CALAFCO will engage with stakeholders and the author's office as the bill moves forward in the next legislative year.

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

Current Text: Amended: 7/5/2019 [html](#) [pdf](#)

Introduced: 2/13/2019

Last Amended: 7/5/2019

Status: 7/31/2019-In committee: Hearing postponed by committee.

Desk	Policy	Fiscal	Floor	Desk	Policy	Fiscal	Floor	Conf. Conc.	Enrolled	Vetoed	Chaptered
1st House				2nd House							

Summary:

The California Safe Drinking Water Act requires the state 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. The act defines "subsumed water system" for these purposes as the public water system, state small water system, or affected residences consolidated into or receiving service from the receiving water system. 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.

Desk	Policy	Fiscal	Floor	Desk	Policy	Fiscal	Floor	Conf. Conc.	Enrolled	Vetoed	Chaptered
1st House				2nd House							

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](#)
- [CALAFCO Oppose Letter REV April 19, 2019](#)
- [LAFCo Oppose letter template REVISED](#)
- [CALAFCO Oppose Letter April 16, 2019](#)
- [LAFCo Oppose letter template](#)

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)

Desk	Policy	Fiscal	Floor	Desk	2 year	Fiscal	Floor	Conf. Conc.	Enrolled	Vetoed	Chaptered
1st House				2nd House							

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](#)

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, Wieckowski, 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 in the 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.

We were unsuccessful in getting the \$1.5 M into the budget so the author has decided to make this a 2-year bill and try again in the next budget. As this is a new Governor we are unsure about his willingness to make General Fund appropriations for items not in the budget.

[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)

Desk	2 year	Fiscal	Floor	Desk	Policy	Fiscal	Floor	Conf. Conc.	Enrolled	Vetoed	Chaptered
1st House				2nd House							

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 1628](#) (Rivas, Robert D) Environmental justice.

Current Text: Amended: 6/14/2019 [html](#) [pdf](#)

Introduced: 2/22/2019

Last Amended: 6/14/2019

Status: 7/9/2019-Read second time. Ordered to third reading.

Desk	Policy	Fiscal	Floor	Desk	Policy	Fiscal	Floor	Conf. Conc.	Enrolled	Vetoed	Chaptered
1st House				2nd House							

Summary:

Current law requires the Secretary for Environmental Protection, on or before January 1, 2002, to convene a Working Group on Environmental Justice composed of various representatives, as specified, to assist the California Environmental Protection Agency in developing by July 1, 2002, an agencywide environmental justice strategy. Current law requires the Office of Planning and Research to be the coordinating agency in state government for environmental justice programs. Current law requires the Director of State Planning and Research to consult with specified entities, including the Secretary for Environmental Protection.

Current law defines "environmental justice" for these purposes. This bill would require the director to additionally consult with the Attorney General and the Bureau of Environmental Justice in the Environment Section of the Department of Justice.

Position: Watch With Concerns

Subject: Environmental Justice

CALAFCO Comments: Recently amended, this bill changes one of the factors considered by LAFCo in the review of an application pertaining to environmental justice. Specifically it changes the definition of "environmental justice" to: "(A) The availability of a healthy environment for all people.(B) The prevention, reduction, and elimination of pollution burdens for populations and communities experiencing the adverse effects of that pollution, so that the effects of the pollution are not disproportionately borne by those populations and communities. (C) Government entities conducting direct outreach and providing capacity-building assistance and technical assistance to populations and communities most impacted by pollution. (D) Including populations and communities most impacted by pollution as active partners in the decisions or activities that affect their environment or health, and incorporating recommendations from those populations and communities into environmental and land use decisions."

It is unclear how LAFCo is to actually consider several of these definition factors.

CALAFCO continues to work with the author and sponsors on amendments.

AB 1751 (Chiu D) Water and sewer system corporations: consolidation of service.

Current Text: Amended: 7/5/2019 [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.

Desk	Policy	Fiscal	Floor	Desk	Policy	Fiscal	Floor	Conf. Conc.	Enrolled	Vetoed	Chaptered
1st House				2nd House							

Calendar:

8/12/2019 10 a.m. - John L. Burton Hearing Room (4203) SENATE APPROPRIATIONS, PORTANTINO, Chair

Summary:

The California Safe Drinking Water Act provides for the operation of public water systems and imposes on the State Water Resources Control Board related responsibilities and duties. Current law authorizes the state 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 the water or sewer system corporation to consolidate with a public water system or state small water system that has fewer than 3,300 service connections and serves a disadvantaged community, 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.

Current Text: Chaptered: 6/26/2019 [html](#) [pdf](#)

Introduced: 3/11/2019

Last Amended: 4/8/2019

Status: 6/26/2019-Approved by the Governor. Chaptered by Secretary of State - Chapter 20, Statutes of 2019.

Desk	Policy	Fiscal	Floor	Desk	Policy	Fiscal	Floor	Conf. Conc.	Enrolled	Vetoed	Chaptered
1st House				2nd House							

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 272](#) ([Morrell R](#)) Fire Protection District Law of 1987.

Current Text: Amended: 4/4/2019 [html](#) [pdf](#)

Introduced: 2/13/2019

Last Amended: 4/4/2019

Status: 5/3/2019-Failed Deadline pursuant to Rule 61(a)(3). (Last location was GOV. & F. on 2/21/2019)
(May be acted upon Jan 2020)

Desk	2 year	Fiscal	Floor	Desk	Policy	Fiscal	Floor	Conf. Conc.	Enrolled	Vetoed	Chaptered
1st House				2nd House							

Summary:

The Fire Protection District Law of 1987 provides that whenever a district board determines that it is in the public interest to provide different services, to provide different levels of service, or to raise additional revenues within specific areas of the district, it may form one or more service zones by adopting a resolution that includes specified information, fixing the date, time, and place for public hearing on the formation of the zone, publishing notice, as specified, hearing and considering any protests to the formation of the zone at the hearing, and, at the conclusion of the hearing, adopting a resolution ordering the formation of the zone. If a resolution adopted after the public hearing would substantially expand the provision of services outside of an existing service zone and the extension of service would result in those persons in the expanded area paying charges for the expansion of services, this bill would provide that the resolution does not become effective unless approved by a majority of the voters within the expanded service area.

Position: Watch

CALAFCO Comments: As amended, the bill amends the Health & Safety code regarding the formation of zones within a fire protection district by requiring the district hold an election, regardless of the protest level, if the district wants to substantially expand (as defined in the bill) services outside the zone. This is unrelated to 56133. CALAFCO will retain a Watch position.

[SB 414](#) ([Caballero D](#)) Small System Water Authority Act of 2019.

Current Text: Amended: 6/25/2019 [html](#) [pdf](#)

Introduced: 2/20/2019

Last Amended: 6/25/2019

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)).

Desk	Policy	Fiscal	Floor	Desk	Policy	Fiscal	Floor	Conf. Conc.	Enrolled	Vetoed	Chaptered
1st House				2nd House							

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: Chaptered: 7/10/2019 [html](#) [pdf](#)

Introduced: 2/22/2019

Last Amended: 5/7/2019

Status: 7/10/2019-Approved by the Governor. Chaptered by Secretary of State. Chapter 78, Statutes of 2019.

Desk	Policy	Fiscal	Floor	Desk	Policy	Fiscal	Floor	Conf. Conc.	Enrolled	Vetoed	Chaptered
1st House				2nd House							

Summary:

The Mitigation Fee Act, among other things, requires fees for water or sewer connections, or capacity charges imposed by a local agency to 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.

AB 213 (Reyes D) Local government finance: property tax revenue allocations: vehicle license fee adjustments.

Current Text: Introduced: 1/15/2019 [html](#) [pdf](#)

Introduced: 1/15/2019

Status: 7/8/2019-In committee: Set, first hearing. Hearing canceled at the request of author.

Desk	Policy	Fiscal	Floor	Desk	Policy	Fiscal	Floor	Conf. Conc.	Enrolled	Vetoed	Chaptered
1st House				2nd House							

Summary:

Would, for the 2019–20 fiscal year, require the vehicle license fee adjustment amount to be the sum of the vehicle license fee adjustment amount in the 2018–19 fiscal year, the product of that sum and the percentage change in gross taxable assessed valuation within the jurisdiction of that entity between the 2018–19 fiscal year to the 2018–19 fiscal year, and the product of the amount of specified motor vehicle license fee revenues that the Controller allocated to the applicable city in July 2010 and 1.17.

Attachments:

[CALAFCO Support Letter](#)

Position: Support

Subject: Tax Allocation

CALAFCO Comments: Sponsored by the League, this bill will reinstate ERAF funding for inhabited annexations. This bill is the same as AB 2268 (Reyes) from last year.

AB 818 (Cooley D) Local government finance: vehicle license fee adjustment amounts.

Current Text: Introduced: 2/20/2019 [html](#) [pdf](#)

Introduced: 2/20/2019

Status: 5/17/2019-Failed Deadline pursuant to Rule 61(a)(5). (Last location was APPR. SUSPENSE FILE on 4/3/2019)(May be acted upon Jan 2020)

Desk	Policy	2 year	Floor	Desk	Policy	Fiscal	Floor	Conf. Conc.	Enrolled	Vetoed	Chaptered
1st House				2nd House							

Summary:

Current property tax law, for the 2006–07 fiscal year, and for each fiscal year thereafter, requires the

vehicle license fee adjustment amount to be the sum of the vehicle license fee adjustment amount for the prior fiscal year, if specified provisions did not apply, and the product of the amount as so described and the percentage change from the prior fiscal year in the gross taxable valuation within the jurisdiction of the entity. Current law establishes a separate vehicle license fee adjustment amount for a city that was incorporated after January 1, 2004, and on or before January 1, 2012. This bill would establish a separate vehicle license fee adjustment amount for a city incorporating after January 1, 2012, including an additional separate vehicle license fee adjustment amount for the first fiscal year of incorporation and for the next 4 fiscal years thereafter.

Attachments:

- [LAFCo Support letter template](#)
- [CALAFCO Support March 2019](#)

Position: Support

Subject: Financial Viability of Agencies

CALAFCO Comments: Sponsored by the League, this bill will reinstate ERAF funding for cities incorporating after 2018. This is the same bill as AB 2491 from 2018.

[AB 1304](#) (Waldron R) Water supply contract: Native American tribes.

Current Text: Amended: 5/6/2019 [html](#) [pdf](#)

Introduced: 2/22/2019

Last Amended: 5/6/2019

Status: 7/12/2019-Failed Deadline pursuant to Rule 61(a)(11). (Last location was N.R. & W. on 5/29/2019)(May be acted upon Jan 2020)

Desk	Policy	Fiscal	Floor	Desk	2 year	Fiscal	Floor	Conf. Conc.	Enrolled	Vetoed	Chaptered
1st House				2nd House							

Summary:

Current law provides for the establishment and operations of various water districts. This bill would specifically authorize a water district, as defined, to enter into a contract with a Native American tribe to receive water deliveries from an infrastructure project on tribal lands. The bill would repeal its provisions on January 1, 2025.

Position: Watch

Subject: Municipal Services, Water

CALAFCO Comments: This bill amends the water code to allow a Native American tribe to sell/deliver water to a water district (as defined in the water code section 20200). The bill sunsets on January 1, 2025.

[SB 379](#) (Committee on Governance and Finance) Validations.

Current Text: Chaptered: 7/10/2019 [html](#) [pdf](#)

Introduced: 2/20/2019

Status: 7/10/2019-Approved by the Governor. Chaptered by Secretary of State. Chapter 74, Statutes of 2019.

Desk	Policy	Fiscal	Floor	Desk	Policy	Fiscal	Floor	Conf. Conc.	Enrolled	Vetoed	Chaptered
1st House				2nd House							

Summary:

This bill would enact the First Validating Act of 2019, which would validate the organization, boundaries, acts, proceedings, and bonds of the state and counties, cities, and specified districts, agencies, and entities.

Attachments:

- [CALAFCO Support March 2019](#)

Position: Support

Subject: LAFCo Administration

CALAFCO Comments: This is one of three annual validating acts.

[SB 380](#) (Committee on Governance and Finance) Validations.

Current Text: Chaptered: 7/10/2019 [html](#) [pdf](#)

Introduced: 2/20/2019

Status: 7/10/2019-Approved by the Governor. Chaptered by Secretary of State. Chapter 75, Statutes of 2019.

Desk	Policy	Fiscal	Floor	Desk	Policy	Fiscal	Floor	Conf. Conc.	Enrolled	Vetoed	Chaptered
1st House				2nd House							

Summary:

This bill would enact the Second Validating Act of 2019, which would validate the organization, boundaries,

acts, proceedings, and bonds of the state and counties, cities, and specified districts, agencies, and entities.

Attachments:

[CALAFCO Support March 2019](#)

Position: Support

Subject: LAFCo Administration

CALAFCO Comments: This is one of three annual validating acts.

SB 381 (Committee on Governance and Finance) Validations.

Current Text: Chaptered: 7/10/2019 [html](#) [pdf](#)

Introduced: 2/20/2019

Status: 7/10/2019-Approved by the Governor. Chaptered by Secretary of State. Chapter 76, Statutes of 2019.

Desk	Policy	Fiscal	Floor	Desk	Policy	Fiscal	Floor	Conf. Conc.	Enrolled	Vetoed	Chaptered
1st House				2nd House							

Summary:

This bill would enact the Third Validating Act of 2019, which would validate the organization, boundaries, acts, proceedings, and bonds of the state and counties, cities, and specified districts, agencies, and entities.

Attachments:

[CALAFCO Support March 2019](#)

Position: Support

Subject: LAFCo Administration

CALAFCO Comments: This is one of three annual validating acts.

AB 134 (Bloom D) Safe Drinking Water Restoration.

Current Text: Amended: 5/20/2019 [html](#) [pdf](#)

Introduced: 12/5/2018

Last Amended: 5/20/2019

Status: 7/10/2019-Failed Deadline pursuant to Rule 61(a)(10). (Last location was E.Q. on 6/12/2019)(May be acted upon Jan 2020)

Desk	Policy	Fiscal	Floor	Desk	2 year	Fiscal	Floor	Conf. Conc.	Enrolled	Vetoed	Chaptered
1st House				2nd House							

Summary:

Would require the State Water Resources Control Board to report to the Legislature by July 1, 2025, on its progress in restoring safe drinking water to all California communities and to create an internet website that provides data transparency for all of the board's activities described in this measure. The bill would require the board to develop metrics to measure the efficacy of the fund in ensuring safe and affordable drinking water for all Californians.

Position: Watch

Subject: Water

AB 530 (Aguilar-Curry D) The Fairfield-Suisun Sewer District.

Current Text: Chaptered: 7/10/2019 [html](#) [pdf](#)

Introduced: 2/13/2019

Last Amended: 4/22/2019

Status: 7/10/2019-Approved by the Governor. Chaptered by Secretary of State - Chapter 69, Statutes of 2019.

Desk	Policy	Fiscal	Floor	Desk	Policy	Fiscal	Floor	Conf. Conc.	Enrolled	Vetoed	Chaptered
1st House				2nd House							

Summary:

The Fairfield-Suisun Sewer District Act creates the Fairfield-Suisun Sewer District and grants to the district various powers relating to the treatment and disposal of sewage. The current act provides for the election of a board of directors for the district and administrative procedures for the operation of the district. Violation of regulations adopted by the board is a misdemeanor. This bill would make various administrative changes to the act, including removing the requirement that the district appoint a clerk and changing the posting requirements for regulations.

Position: Watch

Subject: Special District Powers, Special Districts Governance

CALAFCO Comments: This bill makes administrative changes to this special act district. It also allows for an extension of service pursuant to 56133 (keeping that LAFCo process intact).

[AB 948](#) (Kalra D) Coyote Valley Conservation Program.

Current Text: Amended: 6/18/2019 [html](#) [pdf](#)

Introduced: 2/20/2019

Last Amended: 6/18/2019

Status: 7/3/2019-In committee: Hearing postponed by committee.

Desk	Policy	Fiscal	Floor	Desk	Policy	Fiscal	Floor	Conf. Conc.	Enrolled	Vetoed	Chaptered
1st House				2nd House							

Calendar:

8/12/2019 10 a.m. - John L. Burton Hearing Room (4203) SENATE APPROPRIATIONS, PORTANTINO, Chair

Summary:

Would authorize the Santa Clara Valley Open-Space Authority to establish and administer the Coyote Valley Conservation Program to address resource and recreational goals of the Coyote Valley, as defined. The bill would authorize the authority to collaborate with state, regional, and local partners to help achieve specified goals of the program. The bill would authorize the authority to, among other things, acquire and dispose of interests and options in real property.

Attachments:

[CALAFCO Support Letter 06 27 19](#)

Position: Support

[AB 1053](#) (Dahle R) Fallen Leaf Lake Community Service District.

Current Text: Amended: 3/25/2019 [html](#) [pdf](#)

Introduced: 2/21/2019

Last Amended: 3/25/2019

Status: 7/12/2019-Failed Deadline pursuant to Rule 61(a)(11). (Last location was GOV. & F. on 5/22/2019)(May be acted upon Jan 2020)

Desk	Policy	Fiscal	Floor	Desk	2 year	Fiscal	Floor	Conf. Conc.	Enrolled	Vetoed	Chaptered
1st House				2nd House							

Summary:

Would prohibit, on and after January 1, 2020, the Fallen Leaf Lake Community Services District from providing any services or facilities except fire protection, including medical response and emergency services, and parks and recreation services or facilities.

Position: Watch

CALAFCO Comments: CALAFCO will watch this bill to determine if the outcome of the State Audit on this district will have an impact on all CSDs.

[AB 1457](#) (Reyes D) Omnitrans Transit District.

Current Text: Amended: 5/24/2019 [html](#) [pdf](#)

Introduced: 2/22/2019

Last Amended: 5/24/2019

Status: 7/10/2019-Failed Deadline pursuant to Rule 61(a)(10). (Last location was GOV. & F. on 6/25/2019)(May be acted upon Jan 2020)

Desk	Policy	Fiscal	Floor	Desk	2 year	Fiscal	Floor	Conf. Conc.	Enrolled	Vetoed	Chaptered
1st House				2nd House							

Summary:

Would create the Omnitrans Transit District in the County of San Bernardino. The bill would provide that the jurisdiction of the district would initially include the Cities of Chino, Chino Hills, Colton, Fontana, Grand Terrace, Highland, Loma Linda, Montclair, Ontario, Rancho Cucamonga, Redlands, Rialto, San Bernardino, Upland, and Yucaipa, and specified portions of the unincorporated areas of the County of San Bernardino. The bill would authorize other cities in the County of San Bernardino to subsequently join the district.

Attachments:

[CALAFCO Oppose unless amended letter April 2019](#)

Position: Neutral

CALAFCO Comments: This is a special act district formation. The bill takes what is currently a JPA and transforms it into a special district. CALAFCO has been working with the author and sponsor on

amendments and the May 24 version addresses the vast majority of concerns. CALAFCO continues to work with the author and sponsor on minor technical amendments.

SB 654 (Moorlach R) Local government: planning.

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

Introduced: 2/22/2019

Status: 3/14/2019-Referred to Com. on RLS.

Desk	Policy	Fiscal	Floor	Desk	Policy	Fiscal	Floor	Conf. Conc.	Enrolled	Vetoed	Chaptered
1st House				2nd House							

Summary:

Current law, the Cortese-Knox-Hertzberg Local Government Reorganization Act of 2000, makes certain findings and declarations relating to local government organizations, including, among other things, the encouragement of orderly growth and development, and the logical formation and modification of the boundaries of local agencies, as specified. This bill would make nonsubstantive changes to these findings and declarations.

Position: Watch

CALAFCO Comments: This is a spot bill. The author indicates he has no plans to use this for LAFCo law.

SB 780 (Committee on Governance and Finance) Local Government Omnibus Act of 2019.

Current Text: Amended: 7/1/2019 [html](#) [pdf](#)

Introduced: 2/28/2019

Last Amended: 7/1/2019

Status: 7/11/2019-From committee: Do pass and re-refer to Com. on APPR. with recommendation: To consent calendar. (Ayes 8. Noes 0.) (July 10). Re-referred to Com. on APPR. (Received at desk July 10 pursuant to JR 61(a)(10)).

Desk	Policy	Fiscal	Floor	Desk	Policy	Fiscal	Floor	Conf. Conc.	Enrolled	Vetoed	Chaptered
1st House				2nd House							

Summary:

Current law requires the governing body of a public agency, within 70 days after the commencement of the agency's legal existence, to file with the Secretary of State, on a form prescribed by the secretary, and also with the county clerk of each county in which the public agency maintains an office, a specified statement of facts about the agency. Current law requires this information to be updated within 10 days of a change in it. Current law requires the Secretary of State and each county clerk to establish and maintain an indexed Roster of Public Agencies that contains this information. This bill would instead require the Secretary of State and each county clerk to establish and maintain an indexed Registry of Public Agencies containing the above-described information.

Position: Watch

CALAFCO Comments: This is the Senate Governance & Finance Committee's annual Omnibus bill.

Total Measures: 24

Total Tracking Forms: 24

8/7/2019 11:35:29 AM

**CONTRA COSTA LOCAL AGENCY FORMATION COMMISSION
 PENDING PROPOSALS – August 14, 2019**

LAFCO APPLICATION	RECEIVED	STATUS
LAFCO No. 10-09 - Town of Discovery Bay Community Services District (DBCSD) sphere of influence (SOI) Amendment (Newport Pointe): proposed SOI expansion of 20± acres bounded by Bixler Road, Newport Drive and Newport Cove	July 2010	Currently incomplete
LAFCO No. 10-10 - DBCSD Annexation (Newport Pointe): proposed annexation of 20± acres to supply water/sewer services to a 67-unit single family residential development	July 2010	Currently incomplete
LAFCO No. 13-04 - Bayo Vista Housing Authority Annexation to Rodeo Sanitary District: proposed annexation of 33± acres located south of San Pablo Avenue at the northeastern edge of the District's boundary	Feb 2013	Continued from 11/12/14 meeting
LAFCO No. 14-05 - Reorganization 186 (Magee Ranch/SummerHill): proposed annexations to Central Contra Costa Sanitary District (CCCSD) and East Bay Municipal Utility District (EBMUD) of 402± acres; 9 parcels total to CCCSD (8 parcels) and EBMUD (7 parcels)	June 2014	Removed from Commission's calendar pending further notice
LAFCO No. 16-07 - Tassajara Parks Project – proposed SOI expansions to CCCSD and EBMUD of 30± acres located east of the City of San Ramon and the Town of Danville	May 2016	Currently incomplete
LAFCO No. 16-06 - Tassajara Parks Project – proposed annexations to CCCSD and EBMUD of 30± acres located east of the City of San Ramon and the Town of Danville	May 2016	Currently incomplete
LAFCO No. 19-04 – City of Martinez Out of Agency Service (2913 Merle Avenue)	July 2019	Under review

2018 POPULAR ANNUAL FINANCIAL REPORT

FOR THE YEAR ENDED DECEMBER 31, 2018

A Message to Members

I am pleased to present the Popular Annual Financial Report (PAFR) for the year ended December 31, 2018. The financial data presented in the PAFR is derived from the Comprehensive Annual Financial Report (CAFR) and is consistent with generally accepted accounting principles (GAAP). The goal is to provide a summary of CCCERA's annual financial report that allows members and other interested parties to review the fund's fiscal information and demographics.

CCCERA's investment portfolio returned -2.7% (net of investment management fees) for the year ending December 31, 2018. This return was lower than the policy index return, which was -0.9% for 2018, reflecting market conditions throughout the year.

As of December 31, 2018, CCCERA's net position totaled \$8.1 billion which means that assets of \$8.6 billion exceed liabilities of \$0.5 billion. The primary use of assets includes benefit payments to retirees and their beneficiaries, contribution refunds to terminating employees, and the cost of administering the system. The funded ratio is 88.5%, as of December 31, 2017, the date of CCCERA's most recent actuarial valuation.

CCCERA has a net pension liability (NPL) of \$1.4 billion as of December 31, 2018. The plan fiduciary net position as a percentage of the total pension liability as of December 31, 2018 is 85.1%. The net pension liability

as a percentage of covered payroll is 167.8% as of December 31, 2018. The associated schedules and additional information for this requirement are shown in the Financial Section of the CAFR.

CCCERA established an IRS section 115 irrevocable Other Post-Employment Benefit (OPEB) Trust in 2018. The purpose of this Trust is for CCCERA, as an employer, to set aside assets to offset the OPEB retiree health care liability for its employees, which was \$4.7 million as of December 31, 2018. CCCERA transferred \$2.5 million in 2018 to the OPEB Trust which funded 54% of the OPEB liability. The OPEB Trust is presented as a separate column in the Financial Section of the CAFR.

This report does not replace the CAFR. Detailed information on the subjects included here and other important aspects of CCCERA's administration are in our CAFR at cccera.org.



Gail Strohl
Chief Executive Officer

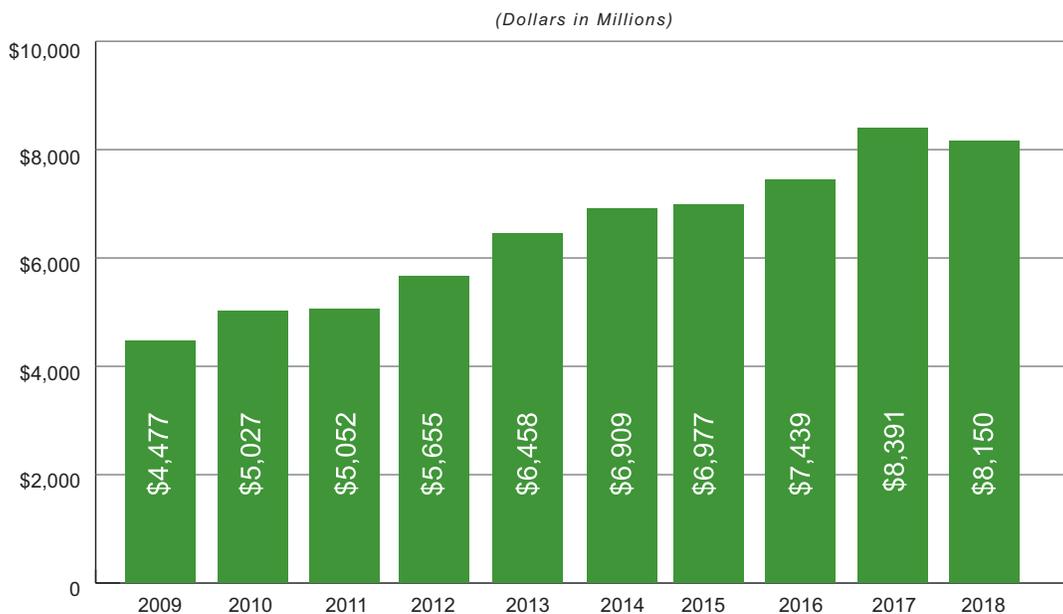
FIDUCIARY NET POSITION RESTRICTED FOR BENEFITS

As of December 31, 2018, CCCERA had \$8.1 billion in net position restricted for benefits, which means that assets of \$8.6 billion exceeded liabilities of \$0.5 billion.

The Statement of Fiduciary Net Position and the Statement of Changes in Fiduciary Net Position report CCCERA's net position restricted for benefits and is one way to measure the plan's financial position. Over time, increases and decreases in CCCERA's net position are indicators of whether its financial position is improving or deteriorating. Other factors, such as market conditions, should be considered in measuring CCCERA's overall financial position.

As of December 31, 2018, the net position restricted for benefits decreased by 2.9% compared to 2017, primarily due to negative investment returns. CCCERA's total investment portfolio returned -2.7% net of fees for the fiscal year ending December 31, 2018, lower than the policy index return which was -0.9% for 2018. CCCERA's net of fees annualized rate of return was 5.8% over the last three years, 5.4% over the last five years, and 9.1% over the last 10 years.

FIDUCIARY NET POSITION (Dollars in Thousands)					
	Pension Plan		Amount Increase/ (Decrease)	Percent Increase/ (Decrease)	OPEB Trust
	2018	2017			2018
Assets					
Current and Other Assets	\$713,010	\$758,014	(\$45,004)	(5.9%)	\$2,542
Investments at Fair Value	7,900,085	8,153,588	(253,503)	(3.1%)	-
Capital Assets	283	224	59	26.3%	-
Total Assets	8,613,378	8,911,826	(298,448)	(3.3%)	\$2542
Liabilities					
Current Liabilities	463,392	521,245	(57,853)	(11.1%)	-
Total Liabilities	463,392	521,245	(57,853)	(11.1%)	-
NET POSITION - RESTRICTED FOR BENEFITS	\$8,149,986	\$8,390,581	(\$240,595)	(2.9%)	\$2,542



CHANGES IN FIDUCIARY NET POSITION

The primary sources of funding for CCCERA member benefits are employer contributions, plan member contributions and net investment income. Total additions to fiduciary net position for the years ended December 31, 2018 and 2017, were \$242.9 million and \$1,407.9 million, respectively. The decrease in the current year is primarily due to investment losses compared to gains in the previous year. The increase in employer contributions is mostly due to higher employer contribution rates over the prior year. Plan member contributions increased over the prior year mostly due to an increase in plan members. Net investment loss for the year ended December 31, 2018 totaled \$187.3 million.

CCCERA's assets can only be used to make benefit payments to retirees and beneficiaries, contribution refunds to terminated employees, and pay the costs of administering the system. Total deductions from fiduciary net position for the years ended December 31, 2018 and 2017, were \$483.5 million and \$455.8 million, respectively. Benefits paid to retirees and beneficiaries were \$452.5 million in 2018, an increase of \$22.5 million, or 5.2% over 2017. The growth in benefit payments was due to a combination of the following: (1) the net increase in the number of retirees and beneficiaries for the year, and (2) the increase in the average retirement allowances of those added to the retirement payroll.

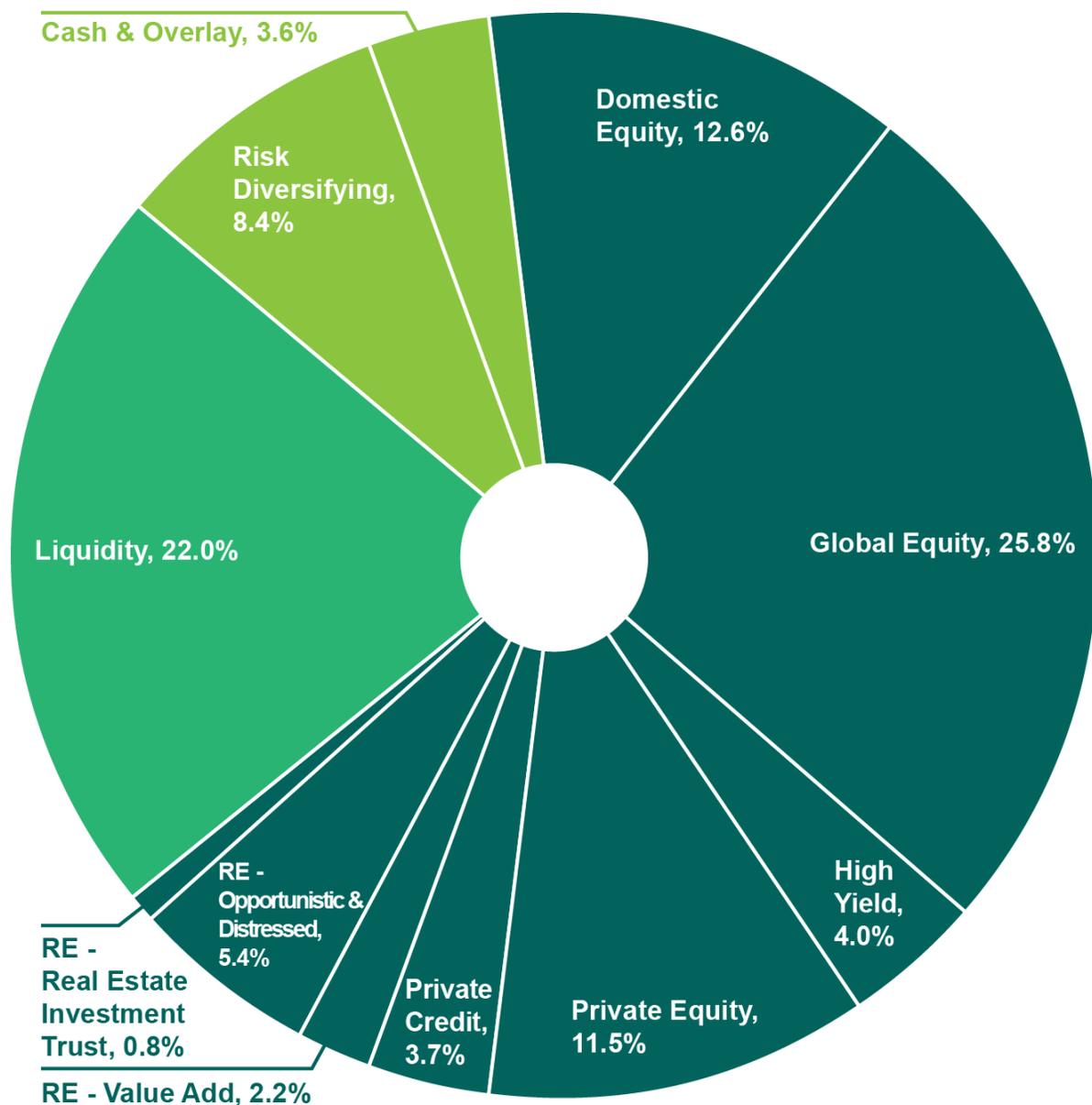
CHANGES IN FIDUCIARY NET POSITION (Dollars in Thousands)

	Pension Plan		Amount Increase/ (Decrease)	Percent Increase/ (Decrease)	OPEB Trust
	2018	2017			2018
Additions:					
Employer Contributions	\$325,117	\$314,836	\$10,281	3.3%	\$2,542
Plan Member Contributions	103,542	96,467	7,075	7.3%	-
Net Investment Income (Loss)	(187,339)	995,678	(1,183,017)	(118.8%)	-
Net Securities Lending Income	1,582	878	704	80.2%	-
Total Additions	242,902	1,407,859	(1,164,957)	(82.7%)	\$2,542
Deductions:					
Pension Benefits	452,512	430,037	22,475	5.2%	-
Contribution Prepayment Discount	9,274	9,140	134	1.5%	-
Administrative	9,337	9,146	191	2.1%	-
Refunds	8,093	5,518	2,575	46.7%	-
Other Expenses	4,281	1,957	2,324	118.8%	-
Total Deductions	483,497	455,798	27,699	6.1%	-
INCREASE (DECREASE) IN NET POSITION - RESTRICTED FOR BENEFITS	(\$240,595)	\$952,061	(\$1,192,656)	(125.3%)	\$2,542

ASSET ALLOCATION

Asset allocation is an integral part of CCCERA's investment policy. CCCERA's chief investment officer and the outside investment consultant (Verus) assist the Board of Retirement (Board) in designing strategic diversification strategies to maintain steady, long-term gain, with appropriate risk. Please refer to the CAFR for additional information.

The main investment goal is for the total fund return to exceed the policy index return, which was -0.9% for 2018. As mentioned, for the year ended December 31, 2018, the total fund return was -2.7% after fees.



Contra Costa County Employees' Retirement Association
ASSET ALLOCATION (Concluded)

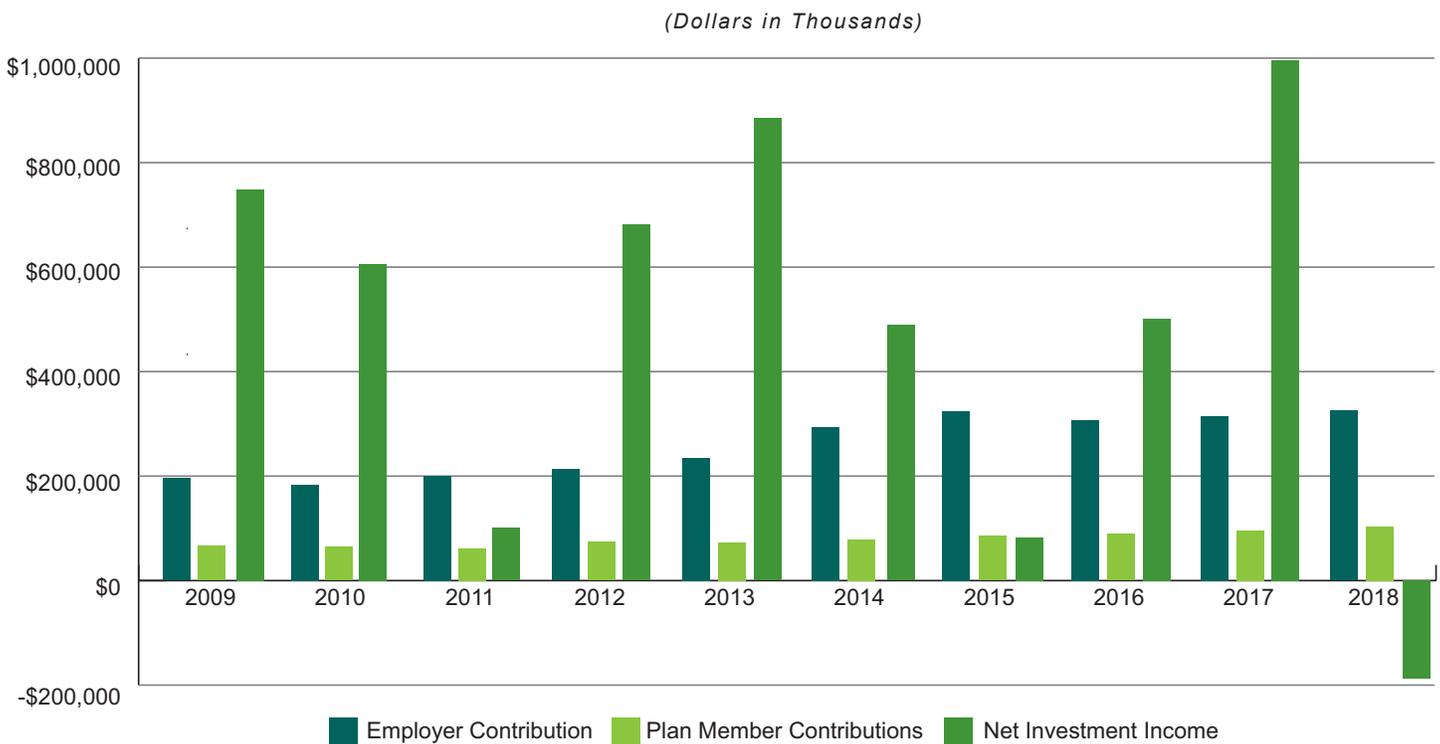
Investment Results Based on Fair Value*				
As of December 31, 2018				
		<i>Annualized (net of fees)</i>		
	Current Year	3 Year	5 Year	10 Year
Total Fund	-2.7%	5.8%	5.4%	9.1%
Benchmark:				
Policy Index	-0.9%	7.1%	6.1%	-
Total Fund excl. Overlay & Cash	-2.4%	5.9%	5.5%	9.2%
Benchmark:				
Policy Index	-0.9%	7.1%	6.1%	-
Total Domestic Equity	-7.6%	8.2%	7.2%	13.3%
Benchmark:				
Russell 3000	-5.2%	9.0%	7.9%	13.2%
Total International Equity	-14.7%	2.4%	1.1%	5.5%
Benchmarks:				
MSCI ACWI ex-USA Gross	-13.8%	5.0%	1.1%	7.1%
MSCI EAFE Gross	-13.4%	3.4%	1.0%	6.8%
Total Global Equity	-8.5%	6.3%	5.0%	7.3%
Benchmark:				
MSCI ACWI	-9.4%	6.6%	4.3%	9.5%
Private Credit	8.3%	8.5%	9.9%	13.0%
Benchmarks:				
ICE BofA ML High Yield Master II+2%	-0.3%	9.4%	5.9%	13.2%
Total High Yield	-3.6%	5.2%	2.5%	9.6%
Benchmark:				
ICE BofA ML High Yield Master II	-2.3%	7.3%	3.8%	11.0%
Total Real Estate	7.4%	7.7%	10.8%	10.5%
Benchmarks:				
Real Estate Benchmark	6.7%	6.8%	9.4%	9.3%
NCREIF - ODCE Index	8.3%	8.2%	10.4%	7.0%
NCREIF Property Index	6.7%	7.2%	9.3%	7.5%
Private Equity	12.1%	10.9%	11.6%	9.1%
Benchmark:				
S&P 500 + 4% Lagged	22.6%	21.9%	18.5%	16.4%
Diversifying	-2.3%	0.3%	0.2%	2.3%
Benchmark:				
Custom Diversifying Benchmark	1.5%	3.4%	3.6%	4.1%
Liquidity	1.7%	-	-	-
Benchmark:				
BBgBarc US Govt/Credit 1-3 Yr TR	1.6%	-	-	-
Total Cash	1.7%	1.2%	0.1%	-
Benchmark:				
91 Day T-Bills	1.9%	1.1%	0.6%	-

*Using time-weighted rate of return based on the market rate of return.

REVENUE BY SOURCE

Employer and plan member basic and COLA (Cost of Living Adjustment) contributions are based on statute and rates recommended by an independent actuary and adopted by the Board.

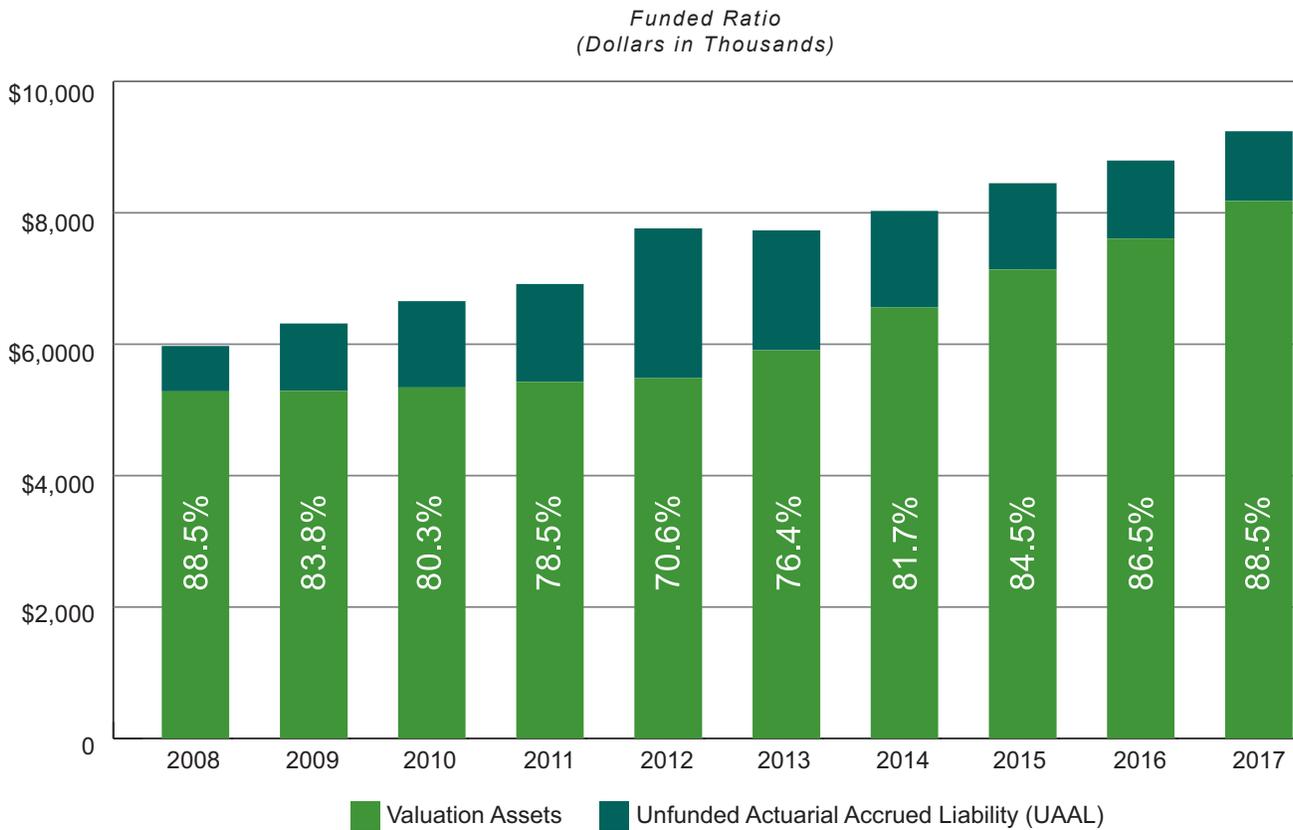
CCCERA's actuarial valuations are performed as of December 31 of each year; contribution requirements resulting from such valuations become effective 18 months after the valuation date (i.e., December 31, 2017 rates become effective on July 1, 2019).



ACTUARIAL FUNDING STATUS

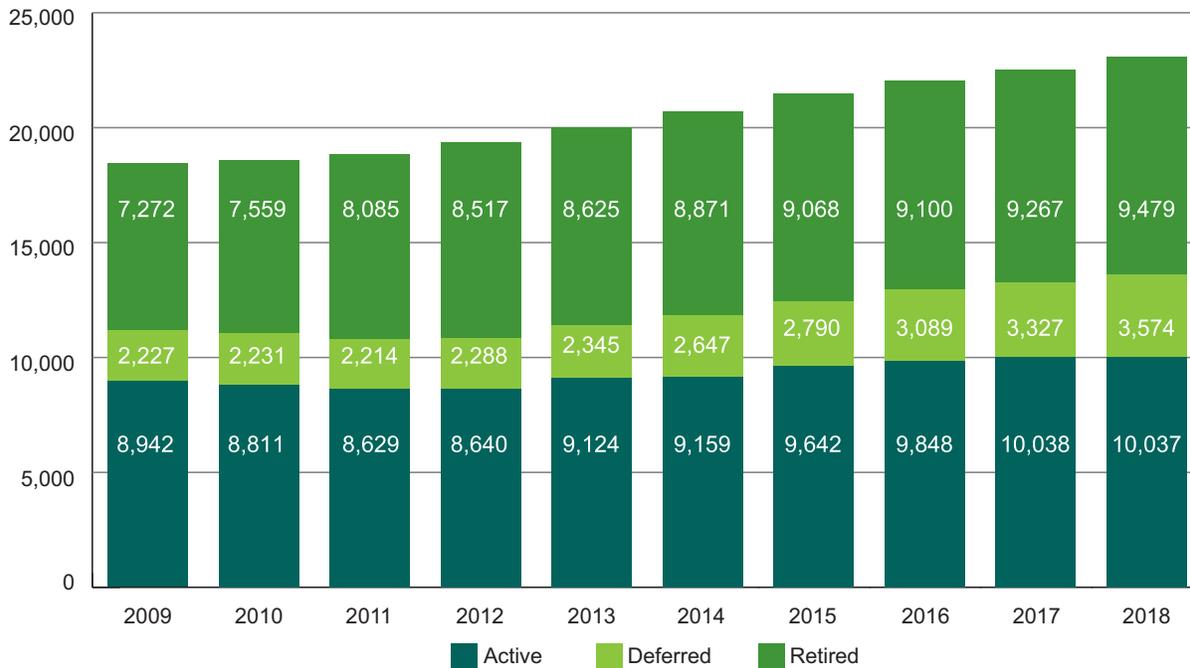
In order to determine whether the pension plan's net position restricted for benefits will be sufficient to meet future obligations, the actuarial funding status needs to be calculated. An actuarial valuation is similar to an inventory process. On the valuation date, the assets available for the payment of retirement benefits are appraised, with gains and losses over the previous five years smoothed to avoid significant swings in the value of assets from one year to the next. These assets are compared to the actuarial accrued liabilities, which are the actuarial present value of future benefits (attributable to service already earned) expected to be paid for each member.

The purpose of the valuation is to determine what future contributions by the members and by the employers are needed to pay all expected future benefits.



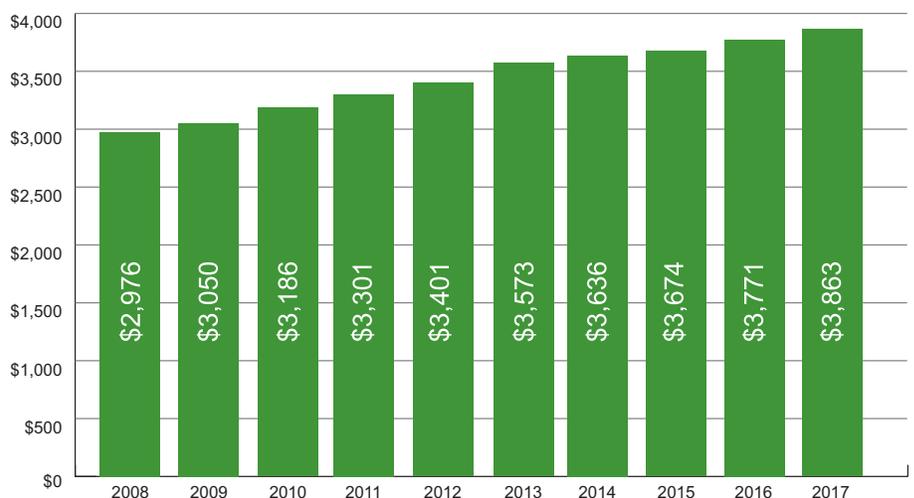
MEMBERSHIP

CCCERA's membership consists of full and part-time employees, members who have left service and have deferred their receipt of retirement benefits, and retirees and their beneficiaries from Contra Costa County and participating agencies. CCCERA's total membership as of December 31, 2018 is 23,090.



AVERAGE BENEFIT PAYMENTS

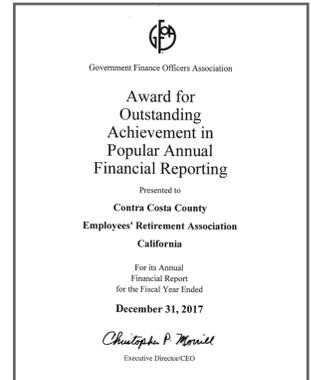
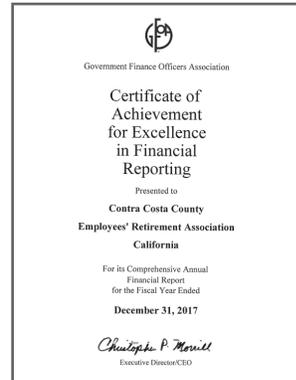
The chart (right) is a broad representation of average benefits paid monthly over 10 years to retirees and survivors. Both general and safety member figures are combined in this calculation, as are all tiers. The chart includes all members who have retired through December 31, 2017.



AWARDS FOR EXCELLENCE IN FINANCIAL REPORTING

The Government Finance Officers Association of the United States and Canada (GFOA) has given an Award for Outstanding Achievement in Popular Annual Financial Reporting to CCCERA for its PAFR for the fiscal year ended December 31, 2017. The Award for Outstanding Achievement in Popular Financial Reporting is a prestigious national award recognizing conformance with the highest standards for preparation of state and local government reports. In order to receive this award, a government unit must publish a PAFR whose contents conform to program standards of creativity, presentation, understandability, and reader appeal. The award is valid for a period of one year only. CCCERA has received this award for the last nine consecutive years since fiscal year ended 2009. We believe our current report continues to conform to the Popular Annual Financial Reporting requirements and will submit it to the GFOA.

The GFOA has also awarded CCCERA its 18th Certificate of Achievement for Excellence in Financial Reporting Award for its CAFR for every year from 2000 through 2017. This is a prestigious



national award recognizing conformance with the highest standards for preparation of state and local government reports.

CCCERA has also earned the Public Pension Coordinating Council's (PPCC) Public Standards Award for 1998, 2000, and 2003 through 2018. The award is intended to reflect minimum expectations for public retirement system management and administration, and to serve as a benchmark by which all defined benefit public plans should be measured.

2018 BOARD OF RETIREMENT (As of December 31, 2018)

Todd Smithey *Chairperson*
Scott W. Gordon *Vice-Chairperson*
David J. MacDonald *Secretary*
Jerry Telles
John B. Phillips
Jerry R. Holcombe

Candace Andersen
William Pigeon
Russell V. Watts *County Treasurer*
Louie Kroll *(Retiree Alternate)*
Jay Kwon *(Appointed Alternate)*
Vacant *(Safety Alternate)*

MORE ABOUT CCCERA

CCCERA's website, cccera.org, provides resources for members, employers and the public. It features forms, handbooks, policies, a calculator to estimate retirement benefits, and more.



PRESORTED STANDARD
U.S. POSTAGE
PAID
OAKLAND, CA
PERMIT # 3729

1355 Willow Way, Suite 221, Concord, CA 94520
Phone: (925) 521-3960 Fax: (925) 521-3969
cccera.org

2018

POPULAR

ANNUAL FINANCIAL

REPORT

FOR THE YEAR ENDED DECEMBER 31, 2018

CCCERA's mission is to administer pension benefits earned by our members and to be prudent stewards of plan assets.

CCCERA PARTICIPATING AGENCIES

- Contra Costa County
- Bethel Island Municipal Improvement District
- Byron-Brentwood-Knightesen Union Cemetery
- Central Contra Costa Sanitary District
- Contra Costa County Employees' Retirement Association
- Contra Costa Housing Authority
- Contra Costa Mosquito and Vector Control District
- First 5 – Children & Families Commission
- In-Home Supportive Services Authority (IHSS)
- Local Agency Formation Commission (LAFCO)
- Rodeo Sanitary District
- Superior Court of California, County of Contra Costa
- Contra Costa Fire Protection District
- East Contra Costa Fire Protection District
- Moraga-Orinda Fire District
- Rodeo-Hercules Fire Protection District
- San Ramon Valley Fire Protection District