



Lou Ann Texeira  
Executive Officer

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September 11, 2024

**September 11 2024  
Agenda Item 6**

Contra Costa Local Agency Formation Commission  
40 Muir Road, 1<sup>st</sup> Floor  
Martinez, CA 94553

**Legislative Update**

Dear Members of the Commission:

This year, CALAFCO put forward two bills: **SB 1209** – *Indemnification*, and **AB 3277** - *regarding the performance of the ad valorem property tax financial analysis*.

On August 27, 2024, the CALAFCO Executive Director issued a *Call for Action* regarding **SB 1209** – Indemnification. **SB 1209** authorizes LAFCO to require an applicant to defend, indemnify, and hold harmless the LAFCO, its agents, officers, and employees from and against any claim, action, or proceeding, as specified, arising from or relating to the action or determination by the LAFCO. In response to the CALAFCO *Call for Action*, Contra Costa LAFCO, with the Chair’s approval, submitted a letter to the Governor in support of **AB 1209** (attached). The bill passed the Assembly and the Senate and is headed to the Governor’s desk.

Regarding **AB 3277**, on July 2, 2024, the Governor signed **AB 3277** - the CALAFCO sponsored bill regarding the performance of the ad valorem property tax financial analysis. This bill will take effect on January 1, 2025, and will limit the requirement for performing a financial analysis of ad valorem taxes during the formation of a district to only those times when a share of the taxes is actually being sought.

**RECOMMENDATION** – Informational item – no action needed

Sincerely,

LOU ANN TEXEIRA  
EXECUTIVE OFFICER

Attachment  
Contra Costa LAFCO Support Letter - SB 1209



Lou Ann Teixeira  
Executive Officer

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- Candace Andersen**  
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*City Member*

August 28, 2024

The Honorable Gavin Newsom  
Governor, State of California  
1021 O Street, Suite 9000  
Sacramento, CA 95814

Re: SB 1209 (Cortese): Local agency formation commission: indemnification -  
REQUEST FOR SIGNATURE

Dear Governor Newsom,

The Contra Costa Local Agency Formation Commission (LAFCO) respectfully requests your signature on SB 1209, which would authorize a Local Agency Formation Commission (LAFCO) to require an applicant to indemnify the LAFCO, its agents, officers, and employees from and against any claim, action, or proceeding that may stem from a LAFCO decision to approve an application.

Specifically, SB 1209 adds new language to the Cortese-Knox-Hertzberg Local Government Reorganization Act of 2000 (The Act) that authorizes LAFCO to enter into indemnification agreements with applicants. Counties and cities are already empowered to enter into, and require, indemnification and routinely do so with respect to discretionary land-use approvals. SB 1209 will provide LAFCO with a similar authority in this situation.

This bill is in response to a 2022 decision of the Second District Court of Appeals, which found that existing State law does not provide LAFCO with the explicit authority needed to require indemnification. Absent an indemnification authority - and because LAFCO funding is statutorily required from the county, cities, and special districts within a county - any costs to defend litigation end up being absorbed by LAFCO funding agencies. Consequently, SB 1209 will allow LAFCO to use indemnification agreements which, in turn, will ensure they can meet their statutory obligations and make decisions without being hindered by the potential costs of defending lawsuits.

Thus, for the above reasons, Contra Costa LAFCO respectfully requests that you sign SB 1209.

Yours sincerely,  
*Charles R. Lewis, IV*  
Chair

cc: Honorable Dave Cortese, California State Senate  
Brady Borchering, Deputy Legislative Secretary to the Governor