



Lou Ann Teixeira
Executive Officer

MEMBERS

- Candace Andersen**
County Member
- Charles R. Lewis, IV**
Public Member
- Gabriel Quinto**
City Member
- Federal Glover**
County Member
- Michael R. McGill**
Special District Member
- Scott Perkins**
City Member
- Patricia Bristow**
Special District Member

ALTERNATE MEMBERS

- Diane Burgis**
County Member
- Scott Pastor**
Special District Member
- Rob Schroder**
Public Member
- Edi Birsan**
City Member

June 12, 2024

June 12, 2024
Agenda Item 10

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

Legislative Report – CALAFCO Update and Position Letters

Dear Members of the Commission:

On May 23, 2024, LAFCOs were notified by the CALAFCO Executive Director (ED) that both of the CALAFCO sponsored bills - **AB 3277** (*Ad valorem property tax analysis*) and **SB 1209** (*Indemnification agreement*) - moved out of their houses of origination.

AB 3277 (*Assembly Local Government Committee*) - Existing law requires a commission to determine the amount of property tax revenue to be exchanged by an affected local agency, as specified, if the proposal includes the formation of a district, as defined.

AB 3277 would, instead, require a commission to determine the amount of property tax revenue to be exchanged by an affected local agency if the proposal includes the formation of a district and the applicant seeks a share of the 1% ad valorem property taxes. By adding to the duties of LAFCO, AB 3277 would impose a state-mandated local program. On April 29, 2024, AB 3277 passed out of the Assembly. On May 29th, AB 3277 was heard in the Senate Local Government Committee and was unanimously approved by the Senate Local Government Committee. Because the bill references property taxes, it has now been referred to the Senate Appropriations.

SB 1209 (*Cortese*) - This bill would authorize 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. On March 20, 2024, this bill passed through the Senate Local Government Committee. Negotiations are currently ongoing, and the bill awaits its Third Reading. May 24th was the deadline to move out of the house of origination.

On May 23rd, CALAFCO called for letters of support for AB 3277 and SB 1209. In accordance with our local policies, LAFCO staff worked with LAFCO Vice Chair McGill and submitted letters of support for AB 3277 and SB 1209.

Other LAFCO Legislative Updates: The CALAFCO Legislative Committee last met on May 10th. Commissioner McGill is a member of the CALAFCO Legislative Committee.

Currently, CALAFCO is tracking no “Priority 2” bills. However, CALAFCO is tracking the following “Priority 3 Bills”:

- a. **AB 805 (Arambula) Sewer service: disadvantaged communities**
- b. **AB 817 (Pacheco) Open meetings: teleconferencing: subsidiary body – BROWN ACT**
- c. **AB 2302 (Addis) Open meetings: local agencies: teleconferences**
- d. **AB 2715 (Boerner) Ralph M Brown Act: closed sessions**
- e. **SB 537 (Becker) Open Meetings: multijurisdictional, cross-country: teleconferences – BROWN ACT**

The next CALAFCO Legislative Committee meeting is scheduled for June 14, 2024.

RECOMMENDATION – Informational item – no action needed

Sincerely,

LOU ANN TEXEIRA
EXECUTIVE OFFICER

Attachments

Letter of Support - AB 3277
Letter of Support - SB 1209



CONTRA COSTA LOCAL AGENCY FORMATION COMMISSION
 40 Muir Road, 1st Floor • Martinez, CA 94553
 e-mail: LouAnn.Teixeira@lafco.cccounty.us
 (925) 313-7133

Lou Ann Teixeira
 Executive Officer

MEMBERS

Candace Andersen
 County Member

Charles R. Lewis, IV
 Public Member

Gabriel Quinto
 City Member

Federal Glover
 County Member

Michael R. McGill
 Special District Member

Scott Perkins
 City Member

Patricia Bristow
 Special District Member

ALTERNATE MEMBERS

Diane Burgis
 County Member

Scott Pastor
 Special District Member

Rob Schroder
 Public Member

Edi Birsan
 City Member

May 24, 2024

Honorable Maria Elena Durazo, Chair
 Senate Local Government Committee
 State Capitol, Room 407
 Sacramento, CA 95814

RE: SUPPORT of AB 3277 - Local agency formation commission: districts: property tax

Dear Chair Durazo and Committee Members,

The Contra Costa Local Agency Formation Commission (LAFCO) is pleased to **Support Assembly Bill 3277**, sponsored by the California Association of Local Agency Formation Commissions (CALAFCO), which makes a clarifying change to the Cortese-Knox-Hertzberg Local Government Reorganization Act of 2000 (the "Act").

Under existing statute, a commission must perform a financial analysis of ad valorem property taxes when a proposal is received that includes the incorporation of a city and the formation of a district. The only purpose of the analysis is to determine how best to apportion the property taxes between the agencies. However, occasionally, an application is received in which the district waives any portion of the ad valorem taxes. In those situations, no analysis is needed for the process, yet it remains required by statute.

This bill will add language that clarifies that the performance of the financial analysis in that situation needs only to be performed in those instances where a portion of the ad valorem property taxes is being sought. By making this minor change, **AB 3277** will apply this time-consuming process only to those applications that require it.

For the reasons noted above, Contra Costa LAFCO **Supports AB 3277**.

Please do not hesitate to contact us with any questions or concerns about our position.

Sincerely,

Michael R. McGill

Vice Chair, Contra Costa LAFCO

cc: Members and All Consultants, Senate Local Government Committee
 Juan Carrillo, Assembly Local Government Committee Chair
 René LaRoche, Executive Director, CALAFCO



CONTRA COSTA LOCAL AGENCY FORMATION COMMISSION
 40 Muir Road, 1st Floor • Martinez, CA 94553
 e-mail: LouAnn.Teixeira@lafco.cccounty.us
 (925) 313-7133

Lou Ann Teixeira
 Executive Officer

MEMBERS

Candace Andersen
 County Member

Charles R. Lewis, IV
 Public Member

Gabriel Quinto
 City Member

Patricia Bristow
 Special District Member

Federal Glover
 County Member

Michael R. McGill
 Special District Member

Scott Perkins
 City Member

ALTERNATE MEMBERS

Diane Burgis
 County Member

Scott Pastor
 Special District Member

Rob Schroder
 Public Member

Edi Birsan
 City Member

May 24, 2024

Honorable Juan Carrillo, Chair
 Assembly Local Government Committee
 1020 N St., Rm. 157
 Sacramento, CA 95814

RE: **SUPPORT - SB 1209 (Cortese): Local agency formation commission: indemnification**

Dear Chair Carrillo and Committee Members:

The Contra Costa Local Agency Formation Commission (LAFCO) is pleased to **Support Senate Bill 1209**, sponsored by the California Association of Local Agency Formation Commissions (CALAFCO). **SB 1209** would add a new section to the Government Code authorizing LAFCOs to enter into an indemnification agreement with an applicant. Counties and cities are empowered to require indemnification, and routinely do so with respect to discretionary land-use approvals. **SB 1209** would provide LAFCOs with the same authority.

This bill addresses a 2022 decision of the Second District Court of Appeals, which found that existing State law does not provide explicit authority to LAFCOs to require indemnification. Absent indemnification authority - and because LAFCO funding is statutorily required in a specified ratio from the county, cities, and special districts within a county - the costs to defend litigation must be absorbed by all of LAFCO's funding agencies.

Thus, **SB 1209** will provide LAFCOs with the ability to use a tool already in use by counties and cities and prevent costs to defend litigation from being shifted to a county, its cities, and its special districts.

For the above reasons, Contra Costa LAFCO is in strong **Support of SB 1209** and respectfully requests your AYE vote.

Sincerely,

Michael R. McGill

Vice Chair, Contra Costa LAFCO

cc: Members and All Consultants, Assembly Local Government Committee
 The Honorable Dave Cortese, California State Senate
 René LaRoche, Executive Director, CALAFCO