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SLO LAFCO - Serving the Area of San Luis Obispo County

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TO: MEMBERS, FORMATION COMMISSION

FROM: DAVID CHURCH, AICP, EXECUTIVE OFFICER 

DATE: SEPTEMBER 16, 2010

**SUBJECT: DISCUSSION OF 2010 LAFCO LEGISLATION
INFORMATION ONLY**

Recently, a number of bills have been considered by the State Legislature. Several of the bills that affect LAFCO, have been signed by the Governor and will become effective on January 1, 2011 or immediately if the bill was categorized as urgency legislation. Below is a list of bills and brief explanations.

AB 2795 – Assembly Omnibus Bill This annual bill sponsored by CALAFCO makes non-substantive changes to the Cortese-Knox-Hertzberg Local Government Reorganization Act. Rather than run separate bills for each item CALAFCO lumps them into a single “omnibus” bill. CALAFCO sponsors this bill every year. It is a consensus bill, meaning that all items are vetted with stakeholders and the minority party caucus before including them in the bill.

AB 2795 passed the legislature without opposition and was signed into law by the Governor on July 7, 2010. Items in the 2010 bill include:

- Allows local agencies to extend the property tax negotiation period an additional 30 days by written notification and extends from 15 to 30 days the period to renegotiate a property tax exchange agreement if LAFCo changes a proposal (R&T §99).
- Adds definition of “divestiture of power” (§56037.2). “Divestiture of power” means the termination of the power and authority to provide particular functions or classes of services within all or part of the jurisdictional boundaries of a special district.
- Allows executive officers to call a meeting of the special district selection committee when a vacancy on the Commission is anticipated to occur within the next 90 days (§56332.b).

- Redefines "executive officer" for special district selection process to allow commission to appoint a designee other than the EO to conduct the process (§56332.f). For purposes of this section, "executive officer" means the executive officer or designee as authorized by the commission.
- Corrects several references regarding who calls elections: §57075.5(b), §57127, §57129.
- Specifies that a LAFCo may initiate proposals by resolution of application (§56375). Minor change clarifies the procedural language.

AB 853 (Arambula) – Disadvantaged Unincorporated Communities – CALAFCO has spent substantial time on this bill, particularly as there was a flurry of amendments and activity in June. Its intent is to begin addressing the issue of infrastructure deficiencies in disadvantaged unincorporated communities. Results in LAFCo completing an Inventory of Disadvantaged Unincorporated Communities. Passed the Legislature and currently in Enrollment. Should go to Governor next week for action. Adds a factor to be considered as part of a municipal services review:

- (2) The location and characteristics, including infrastructure needs or deficiencies, of any disadvantaged inhabited communities.
- PRC 75005(g) "Disadvantaged community" means a community with a median household income less than 80% of the statewide average.

BILLS SUPPORTED BY CALAFCO

SB 894 – Senate Omnibus Bill

This bill makes non-substantive changes to a wide range of local government laws other than CKH. The bill contains several items requested by CALAFCO, including language which brings consistency to the statutes of limitations to challenge city and county boundary change decisions. It also eliminates an antiquated code section on time limits. Senate omnibus bill includes CALAFCO provisions for time-frame change on challenges to LAFCo boundary decisions. The bill is on the Governor's desk for action. CALAFCO has sent a letter requesting his signature.

AB 419 (Caballero) – Election Ballots clarifies an ambiguity in CKH by requiring a city or county to place an item on a ballot within 45 days of a request from a LAFCo. Current law does not have such a requirement which has resulted in at least one instance where a Board refused to take action on an item and it was not placed on the ballot. CALAFCO worked with the Elections Clerks Association to address some other language which improves consistency between CKH and the Elections Code. The bill was signed into law by the Governor on July 7, 2010.

AB 1668 (Knight) – Council Elections After Incorporation This bill is essentially the same as AB 18 last year which was vetoed by the Governor. Among other things it brings consistency to the number of council seats up for election at the first election following incorporation. This bill has identical language for this provision as AB 2795. Since Mr. Knight carried this for us last year, he asked to include it as part of his larger bill this year. The bill passed and was signed into law by the Governor on 7 July 2010.

SB 1023 (Wiggins) – Expedited Reorganization of MIDs and RIDs Provides an expedited process for reorganizing Resort Improvement Districts and three specified Municipal Improvement Districts into community service districts, or in one case, a recreation and park district. The process is voluntary for the affected districts. The bill was signed into law by the Governor on 9 July 2010.

AB 711 (Charles Calderon) – Loan for East Los Angeles Incorporation Studies – Transfers \$45,000 to the Controller for allocation to Los Angeles LAFCo for a loan to the East Los Angeles Residents Association. This would be the first time legislation has passed to provide funds for the State Controller to allocate to fund incorporation studies as provided in CKH. The legislation is specific that the process must be consistent with all provisions of CKH. After almost two years, the bill passed and was signed by the Governor on 7 June 2010. It was an urgency measure and took effect immediately.

Local Agency Compensation and Retirement Bills - Passed

AB 194 (Turrico) - Passed. Pension Limits. Limits PERS retirement compensation to 125% of Governor's salary. This bill is an urgency measure that would take effect immediately on signing.

AB 827 (De La Torre) - Passed. Employment Contracts. This bill is an urgency bill that will take effect immediately on signing. Applies to all local agencies, including LAFCo. Prohibits clauses for automatic renewal of employment contracts, restricts compensation increases, requires performance reviews, and that all related actions by the governing body conform to the Public Records and Brown acts.

AB 1987 (Ma) - Passed. PERS Retirement. Sets limits to final compensation calculations and bases average compensation on final year plus two previous years. Also restricts ability for retiree to be employed by local agencies for 180 days after retirement.

SB 1425 (Simitian and Correa) - Passed. Pension Limits. Sets limits on PERS retirement compensation and post-retirement employment with public agencies similar to AB 1987.

Compensation Bills that did not pass

AB 1955 (De La Torre) - Excess compensation cities and posting of compensation. In addition to compensation of city council members, this bill also affects employment contracts of local agencies. Requires ratification of employment contract or amendments to contract in a public session, disclosure by name and title of the individual with each element of the full compensation package, and making the information available to the public including posting it on the agency's website prior to the meeting to ratify the contract.

AB 2064 (Huber) - Compensation Disclosure. Requires posting of local agency elected official compensation and the chief executive compensation. Does not specify LAFCo. Similar to AB 1955.

SB 501 (Correa) - Compensation Disclosure. Requires a filers of a Form 700 to annually file a compensation disclosure form including all salary, benefits, allowances, retirement, and bonuses. This bill may affect LAFCos. It does not specify LAFCo as a designated local agency, however in a later section it does specify the chief administrative officer of "any local agency" who is required to file a Form 700.