

SAN MATEO



LOCAL AGENCY FORMATION COMMISSION

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September 13, 2018

To: LAFCo Commissioners
From: Martha Poyatos, Executive Officer
Subject: Legislative Report – **INFORMATION ONLY**

Attached please find the CALAFCo Daily Legislative Report in the status of 24 bills being tracked by LAFCo. The Legislative Committee has not met. Staff will be prepared to respond to questions concerning the various bill being tracked by CALAFCo.

The following summarizes chaptered and enrolled bills.

Chaptered Bills

AB 2600 (Flora) Regional Park and Open Space Districts – amends the formation process for regional park and open space districts to allow for initiation of the formation of a district by resolution of an affected local agency in addition to the previous process which required a petition signed by at least 5,000 electors.

AB 3254 (Assembly Committee on Local Government) – annual CALAFCo omnibus bill making non-substantive changes to the Cortese Knox Hertzberg Local Government Reorganization Act.

SB 1496, SB 1497, SB 1499 (Senate Committee on Governance and Finance) Validation Acts

SB 522 (Glazer) West Contra Costa Health Care District – would remove the existing board of directors and require the Contra Costa County Board of Supervisors provides to either serve as the governing body or appoint a district board.

Enrolled Bills

AB 2258 (Caballero) - Grant program for Local Agency Formation Commissions (See letter requesting Governor's signature which was sent at the direction of the Commission's Legislative Committee.

COMMISSIONERS: MIKE O'NEILL, CHAIR, CITY ▪ ANN DRAPER, VICE CHAIR, PUBLIC ▪ JOSHUA COSGROVE, Special District ▪ DON HORSLEY, COUNTY ▪ RICH GARBARINO, City ▪ JOE SHERIDAN, Special District ▪ WARREN SLOCUM, County

ALTERNATES: KATI MARTIN, Special District ▪ HARVEY RARBACK, City ▪ JAMES O'NEILL Public ▪ DAVE PINE, County

STAFF: MARTHA POYATOS, EXECUTIVE OFFICER ▪ REBECCA ARCHER, LEGAL COUNSEL

AB 2050 (Caballero) – Small Water Systems - no later than March 1, 2019, 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 4 consecutive quarters, with one or more state or federal primary drinking water standard maximum contaminant levels as of December 31, 2018, as specified.

AB 1889 (Caballero) – Santa Clara Valley Water District - This bill would authorize the district to require a taxpayer seeking an exemption from District imposed special taxes to verify his or her age, disability status, or household income, as prescribed.

AB 2019 (Aguiar-Curry) – Health Care District website requirements - This bill would require the board of directors to include specified information, such as the district's policy for providing assistance or grant funding, on the district's Internet Web site.

AB 2179 (Gipson) – Municipal Corporations – Public Utility Water and Sewer Service - Current law requires that a resolution authorizing the sale of a public utility be passed by 2/3 of the members of the legislative body of the municipal corporation and be passed by a 2/3 vote of all voters voting at an election to authorize the sale in the ordinance calling the election. Current law establishes an alternative procedure whereby a municipal corporation can lease, sell, or transfer that portion of a water utility used for furnishing water service outside the boundaries of the municipal corporation. This bill would additionally authorize a municipal corporation to utilize the alternative procedures to lease, sell, or transfer that portion of a municipal utility used for furnishing sewer service outside the boundaries of the municipal corporation. (Bill Text Attached)

AB 2339 (Gibson) - Sale of Water Utility by a City - Would authorize the City of El Monte, the City of Montebello, and the City of Willows, until January 1, 2022, to sell its public utility for furnishing water service for the purpose of consolidating its public water system with another public water system pursuant to the specified procedures, only if the potentially subsumed water system is wholly within the boundaries of the city, if the city determines that it is uneconomical and not in the public interest to own and operate the public utility, and if certain requirements are met. The bill would prohibit the city from selling the public utility for one year if 50% of interested persons, as defined, protest the sale.

SB 929 (McGuire) – Special District websites and new requirements - This bill would, beginning on January 1, 2020, require every independent special district to maintain an Internet Web site that clearly lists contact information for the special district, except as provided. Because this bill would require local agencies to provide a new service, the bill would impose a state-mandated local program.

SB 1498 (Senate Committee on Local Governance and Finance) - Current law sets forth various provisions governing cities that reference various officers and employees. This bill would make these references gender neutral.

CALAFCO Daily Legislative Report as of Friday, September 14, 2018

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[AB 2050](#) (Caballero D) Small System Water Authority Act of 2018.

Current Text: Enrollment: 9/5/2018 [html](#) [pdf](#)

Introduced: 2/6/2018

Last Amended: 8/6/2018

Status: 9/5/2018-Enrolled and presented to the Governor at 3 p.m.

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

Summary:

Would create the Small System Water Authority Act of 2018 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, 2019, 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 4 consecutive quarters, with one or more state or federal primary drinking water standard maximum contaminant levels as of December 31, 2018, as specified.

Attachments:

[CALAFCO Support Letter June 2018](#)

Position: Support

Subject: LAFCo Administration, Municipal Services, Water

CALAFCO Comments: 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.

[AB 2238](#) (Aguiar-Curry D) Local agency formation: regional housing need allocation: fire hazards: local health emergencies: hazardous and medical waste.

Current Text: Enrollment: 9/10/2018 [html](#) [pdf](#)

Introduced: 2/13/2018

Last Amended: 8/24/2018

Status: 9/10/2018-Enrolled and presented to the Governor at 3:30 p.m.

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

Summary:

The Cortese-Knox-Hertzberg Local Government Reorganization Act of 2000 provides the authority and procedures for the initiation, conduct, and completion of changes of organization and reorganization of cities and districts. The act specifies the factors that a local agency formation commission is required to consider in the review of a proposal for a change of organization or reorganization, including, among other things, per capita assessed valuation and the proposal's consistency with city or county general and specific plans This bill would require the commission to consider the assessed valuation rather than per capita assessed valuation.

Attachments:

[CALAFCO Support Letter May 2018](#)

Position: Support

Subject: Climate Change, Growth Management

CALAFCO Comments: This bill seeks to add another factor for LAFCo consideration in the review of a proposal. That factor is information contained in a local hazard mitigation plan, information contained in a safety element of a general plan, and any maps that identify land as a very high hazard zone pursuant to Section 51178 or maps that identify land determined to be in a state responsibility area pursuant to Section 4102 of the Public Resources Code, if it is determined that such information is relevant to the area that is the subject of the proposal.

The bill also adds two non-LAFCo-related sections pertaining to the update of a housing element.

This bill is in response to the rash of wildfires throughout the state over the past several years and the ongoing threat of same as a result of climate change.

AB 2258 (Caballero D) Local agency formation commissions: grant program.

Current Text: Enrollment: 9/10/2018 [html](#) [pdf](#)

Introduced: 2/13/2018

Last Amended: 8/24/2018

Status: 9/10/2018-Enrolled and presented to the Governor at 3:30 p.m.

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

Summary:

Would require the Strategic Growth Council, until July 31, 2024, 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.

Attachments:

[CALAFCO Support March 2018](#)

[CALAFCO Support March 2018](#)

Position: Sponsor

Subject: Other

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. 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).

Amendments taken in Senate Governance & Finance and Natural Resources & Water narrow the scope of the bill to focus on service providers serving disadvantaged communities; 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.

Recent amendments remove the fiscal portion of the bill, which was \$1.5 million over 5 years. The bill is now based on an appropriation in the annual Budget Act. CALAFCO will attempt again next year to get the funding into the budget. The grant program will be in place pending the funding.

AB 2600 (Flora R) Regional park and open space districts.

Current Text: Chaptered: 8/28/2018 [html](#) [pdf](#)

Introduced: 2/15/2018

Last Amended: 6/26/2018

Status: 8/27/2018-Approved by the Governor. Chaptered by Secretary of State - Chapter 218, Statutes of 2018.

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

Summary:

Current law authorizes proceedings for the formation of a regional park, park and open-space, or open-space district to be initiated pursuant to a petition signed by at least 5,000 electors residing within the proposed district territory and presented to the county board of supervisors, as specified. Existing law also authorizes proceedings for district formation in specified counties to be initiated by resolution of the county board of supervisors adopted after a noticed hearing, and specifies the contents of the resolution. This bill would, in lieu of the petition described above, authorize the formation of a district by the adoption of a resolution of application by the legislative body of any county or city that contains the territory proposed to be included in the district.

Attachments:

[CALAFCO Support March 2018](#)

Position: Support

CALAFCO Comments: This bill would expand the process of initiating the formation of a regional pack and open space district by adding that a local governing body may adopt a resolution proposing to form a new district. This would be in lieu of having a 5,000 signature petition. The LAFCo process remains intact.

The intent of this bill is to create an easier way (not to replace but in addition to existing process) to proposed the formation of these types of districts, thereby removing the need for special legislation to do so. The bill is author-sponsored.

[AB 3254](#) (Committee on Local Government) Local government organization: omnibus.

Current Text: Chaptered: 7/9/2018 [html](#) [pdf](#)

Introduced: 3/14/2018

Last Amended: 5/17/2018

Status: 7/9/2018-Approved by the Governor. Chaptered by Secretary of State - Chapter 86, Statutes of 2018.

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

Summary:

The Cortese-Knox-Hertzberg Local Government Reorganization Act of 2000 (the Act) provides the authority and procedure for the initiation, conduct, and completion of changes of organization, reorganization, and sphere of influence changes for cities and districts, as specified. Current law defines various terms for purposes of that Act, including the terms "affected territory" and "inhabited territory." This bill would revise those definitions to include territory that is to receive extended services from a local agency, and additionally define the term "uninhabited territory" for purposes of the Act.

Attachments:

[Request Governor Signature June 2018](#)

[CALAFCO Support](#)

Position: Sponsor

CALAFCO Comments: This is the annual Assembly Local Government Committee Omnibus bill, sponsored by CALAFCO. Amendments are pending to add several items.

[SB 1215](#) (Hertzberg D) Provision of sewer service: disadvantaged communities.

Current Text: Enrollment: 9/12/2018 [html](#) [pdf](#)

Introduced: 2/15/2018

Last Amended: 8/24/2018

Status: 9/12/2018-Enrolled and presented to the Governor at 5 p.m.

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

Summary:

The Porter-Cologne Water Quality Control Act requires each California regional water quality control board to adopt water quality control plans and to establish water quality objectives in those plans, considering certain factors, to ensure the reasonable protection of beneficial uses and the prevention of nuisance. This bill would, except as provided, authorize the regional board to order the provision of sewer service by a special district, city, or county to a disadvantaged community, as defined, under specified circumstances. By authorizing the regional board to require a special

district, city, or county to provide sewer service, this bill would impose a state-mandated local program.

Attachments:

[CALAFCO Coalition Oppose Floor Alert August 2018](#)

Position: Oppose

Subject: Disadvantaged Communities, Water

CALAFCO Comments: As amended, this bill authorizes the State Water Resources Control Board (SWRCB) to mandate extension of service or consolidation of wastewater systems - both public and private, under certain circumstances. The process mirrors the process set forth in SB 88 giving the SWRCB authority to mandate the same for drinking water systems. However, the bill allows for an extension up to 3 miles with no requirements for annexation of the territory; does not provide a definitive source of funding; does not require those will failing systems to connect to the new system; and charges opt-out fees to those who do not.

CALAFCO attempted to work with the author's office on the primary issues of annexation and the allowable extension limit, but were unsuccessful in securing those amendments. As a result, we joined with CASA, CSDA, CSCA, RCRC and the League to oppose.

[SB 1496](#) (Committee on Governance and Finance) Validations.

Current Text: Chaptered: 6/1/2018 [html](#) [pdf](#)

Introduced: 3/1/2018

Status: 6/1/2018-Approved by the Governor. Chaptered by Secretary of State. Chapter 23, Statutes of 2018.

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 2018, 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 2018](#)

Position: Support

[SB 1497](#) (Committee on Governance and Finance) Validations.

Current Text: Chaptered: 6/1/2018 [html](#) [pdf](#)

Introduced: 3/1/2018

Status: 6/1/2018-Approved by the Governor. Chaptered by Secretary of State. Chapter 24, Statutes of 2018.

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 2018, which would validate the organization, boundaries, acts, proceedings, and bonds of the state and counties, cities, and specified districts, agencies, and entities. This bill contains other related provisions.

Attachments:

[CALAFCO Support March 2018](#)

Position: Support

Subject: LAFCo Administration

[SB 1499](#) (Committee on Governance and Finance) Validations.

Current Text: Chaptered: 6/1/2018 [html](#) [pdf](#)

Introduced: 3/1/2018

Status: 6/1/2018-Approved by the Governor. Chaptered by Secretary of State. Chapter 25, Statutes of 2018.

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 2018, 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 2018](#)

Position: Support

Subject: LAFCo Administration

[AB 2268](#) (Reyes D) Local government finance: property tax revenue allocations: vehicle license fee adjustments.

Current Text: Amended: 4/16/2018 [html](#) [pdf](#)

Introduced: 2/13/2018

Last Amended: 4/16/2018

Status: 5/25/2018-Failed Deadline pursuant to Rule 61(b)(8). (Last location was A. APPR. SUSPENSE FILE on 5/2/2018)

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

Summary:

for the 2018–19 fiscal year, would require the vehicle license fee adjustment amount to be the sum of the vehicle license fee adjustment amount in the 2017–18 fiscal year, the product of that sum and the percentage change in gross taxable assessed valuation within the jurisdiction of that entity between the 2017–18 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 May 2018](#)

Position: Support

Subject: Tax Allocation

CALAFCO Comments: Sponsored by the League, this bill would have reinstated ERAF funding for inhabited annexations.

[AB 2491](#) (Cooley D) Local government finance: vehicle license fee adjustment amounts.

Current Text: Amended: 4/2/2018 [html](#) [pdf](#)

Introduced: 2/14/2018

Last Amended: 4/2/2018

Status: 5/25/2018-Failed Deadline pursuant to Rule 61(b)(8). (Last location was A. APPR. SUSPENSE FILE on 4/25/2018)

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

Summary:

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. This bill contains other related provisions and other existing laws.

Attachments:

[CALAFCO Support March 2018](#)

Position: Support

Subject: Tax Allocation

CALAFCO Comments: Sponsored by the League, this bill would have reinstated ERAF funding for cities incorporating after 2017.

[AB 2501](#) (Chu D) Drinking water: state administrators: consolidation and extension of service.

Current Text: Enrollment: 9/12/2018 [html](#) [pdf](#)

Introduced: 2/14/2018

Last Amended: 8/24/2018

Status: 9/12/2018-Enrolled and presented to the Governor at 12 p.m.

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 Water Resources Control Board, before

ordering consolidation or extension of service, to fulfill certain requirements, including, among other things, to hold a public meeting, and to establish a reasonable deadline, as prescribed, for a potentially receiving water system and a potentially subsumed water system to negotiate consolidation or another means of providing an adequate supply of affordable, safe drinking water. The act requires the state board to conduct a public hearing at the expiration of the reasonable deadline, as specified. This bill would revise and recast these provisions.

Position: Watch With Concerns
Subject: Disadvantaged Communities, Water

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AB 1577 (Gipson D) California Safe Drinking Water Act: Sativa-Los Angeles County Water District.

Current Text: Enrollment: 9/11/2018 [html](#) [pdf](#)

Introduced: 2/17/2017

Last Amended: 8/24/2018

Status: 9/11/2018-Enrolled and presented to the Governor at 4:30 p.m.

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

Summary:

The California Safe Drinking Water Act provides for the operation of public water systems and imposes on the State Water Resources Control Board various responsibilities and duties. The act authorizes the state board to order consolidation with a receiving water system where a public water system or a state small water system, serving a disadvantaged community, consistently fails to provide an adequate supply of safe drinking water. This bill would require the state board to order the Sativa-Los Angeles County Water District to accept administrative and managerial services, including full management and control, from an administrator selected by the state board.

Attachments:

[CALAFCO Support Letter June 2018](#)

Position: Support
Subject: Disincorporation/dissolution, Water

AB 1889 (Caballero D) Santa Clara Valley Water District.

Current Text: Chaptered: 9/5/2018 [html](#) [pdf](#)

Introduced: 1/18/2018

Last Amended: 7/3/2018

Status: 9/5/2018-Approved by the Governor. Chaptered by Secretary of State - Chapter 251, Statutes of 2018.

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

Summary:

The Santa Clara Valley Water District Act authorizes the district to impose special taxes at minimum rates according to land use category and size. The district act authorizes the district to provide an exemption from these taxes for residential parcels owned and occupied by one or more taxpayers who are at least 65 years of age, or who qualify as totally disabled, if the household income is less than an amount approved by the voters of the district. This bill would authorize the district to require a taxpayer seeking an exemption from these special taxes to verify his or her age, disability status, or household income, as prescribed.

Position: Watch

AB 2019 (Aguiar-Curry D) Health care districts.

Current Text: Chaptered: 9/5/2018 [html](#) [pdf](#)

Introduced: 2/5/2018

Last Amended: 8/15/2018

Status: 9/5/2018-Approved by the Governor. Chaptered by Secretary of State - Chapter 257, Statutes of 2018.

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

Summary:

The Local Health Care District Law provides for local health care districts that govern certain health care facilities. Each health care district has a board of directors with specific duties and powers respecting the creation, administration, and maintenance of the district. Current law requires the board of directors to establish and maintain an Internet Web site that may include specified information, such as a list of current board members and recipients of grant funding or assistance provided by the district, if any, and to adopt annual policies for providing assistance or grant funding, as specified. This bill would require the board of directors to include specified information, such as the district's policy for providing assistance or grant funding, on the district's Internet Web site.

Position: Watch

CALAFCO Comments: This bill places a number of statutory requirements on healthcare districts (HCDs). One provision that directly affects LAFCo is the HCDs will be required to notify their respective LAFCo when they file for bankruptcy.

[AB 2179](#) (Gipson D) Municipal corporations: public utility service: water and sewer service.

Current Text: Enrollment: 9/6/2018 [html](#) [pdf](#)

Introduced: 2/12/2018

Last Amended: 8/15/2018

Status: 9/6/2018-Enrolled and presented to the Governor at 3 p.m.

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

Summary:

Current law authorizes a municipal corporation to sell or dispose of any public utility it owns. Current law requires that a resolution authorizing the sale of a public utility be passed by 2/3 of the members of the legislative body of the municipal corporation and be passed by a 2/3 vote of all voters voting at an election to authorize the sale in the ordinance calling the election. Current law establishes an alternative procedure whereby a municipal corporation can lease, sell, or transfer that portion of a water utility used for furnishing water service outside the boundaries of the municipal corporation. This bill would additionally authorize a municipal corporation to utilize the alternative procedures to lease, sell, or transfer that portion of a municipal utility used for furnishing sewer service outside the boundaries of the municipal corporation.

Position: Watch

Subject: Municipal Services

[AB 2262](#) (Wood D) Coast Life Support District Act: urgent medical care services.

Current Text: Amended: 4/16/2018 [html](#) [pdf](#)

Introduced: 2/13/2018

Last Amended: 4/16/2018

Status: 8/31/2018-Failed Deadline pursuant to Rule 61(b)(18). (Last location was S. INACTIVE FILE on 8/31/2018)

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

Summary:

Current law, the Coast Life Support District Act, establishes the Coast Life Support District and specifies the powers of the district. The district is authorized, among other things, to supply the inhabitants of the district emergency medical services, as specified. This bill would additionally authorize the district to provide urgent medical care services.

Attachments:

[CALAFCO Oppose Unless Amended](#)

[CALAFCO Support as amended](#)

Position: Support

Subject: LAFCo Administration, Special District Powers

CALAFCO Comments: This is a single district bill in which the district is seeking to add the power of providing urgent care (actually to codify powers they have been performing for a number of years). As amended, the bill cleans up the outdated reference to the Act and adds a provision requiring the district to seek LAFCo approval to activate the new power. As a result of these amendments, CALAFCO has removed our opposition and now supports the bill.

[AB 2339](#) (Gipson D) Water utility service: sale of water utility property by a city.

Current Text: Enrollment: 9/6/2018 [html](#) [pdf](#)

Introduced: 2/13/2018

Last Amended: 8/15/2018

Status: 9/6/2018-Enrolled and presented to the Governor at 3 p.m.

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

Summary:

Would authorize the City of El Monte, the City of Montebello, and the City of Willows, until January 1, 2022, to sell its public utility for furnishing water service for the purpose of consolidating its public water system with another public water system pursuant to the specified procedures, only if the potentially subsumed water system is wholly within the boundaries of the city, if the city determines that it is uneconomical and not in the public interest to own and operate the public utility, and if certain requirements are met. The bill would prohibit the city from selling the public utility for one year if 50% of interested persons, as defined, protest the sale.

Position: Watch

Subject: Water

[SB 522](#) (Glazer D) West Contra Costa Healthcare District.

Current Text: Chaptered: 7/18/2018 [html](#) [pdf](#)

Introduced: 2/16/2017

Last Amended: 1/3/2018

Status: 7/18/2018-Approved by the Governor. Chaptered by Secretary of State. Chapter 133, Statutes of 2018.

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

Summary:

Current law provides for the formation of local health care districts and specifies district powers. Under existing law, the elective officers of a local health care district consist of a board of hospital directors consisting of 5 members, each of whom is required to be a registered voter residing in the district and whose term shall be 4 years, except as specified. This bill would dissolve the existing elected board of directors of the West Contra Costa Healthcare District, effective January 1, 2019, and would require the Board of Supervisors of the County of Contra Costa, at its election, to either serve as the district board or appoint a district board, as specified.

Position: Watch

Subject: Special Districts Governance

[SB 561](#) (Gaines R) Fallen Leaf Lake Community Services District: State audit.

Current Text: Amended: 6/26/2018 [html](#) [pdf](#)

Introduced: 2/17/2017

Last Amended: 6/26/2018

Status: 8/17/2018-Failed Deadline pursuant to Rule 61(b)(15). (Last location was A. APPR. on 6/28/2018)

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

Summary:

Current law requires the county auditor to either perform an audit, or contract with a certified public accountant or public accountant to perform an audit, of the accounts and records of every special district within the county, as specified. Current law authorizes a special district, by unanimous request of its governing board and unanimous approval by the board of supervisors, to replace the annual audit with an audit over a longer period of time or with a financial review, as specified. This bill would require, by August 1, 2019, the California State Auditor to complete an audit of the Fallen Leaf Lake Community Services District that includes, among other things, an analysis of the district's financial condition and ongoing financial viability.

Position: Watch

Subject: Special Districts Governance

[SB 623](#) (Monning D) Water quality: Safe and Affordable Drinking Water Fund.

Current Text: Amended: 8/21/2017 [html](#) [pdf](#)

Introduced: 2/17/2017

Last Amended: 8/21/2017

Status: 8/31/2018-Failed Deadline pursuant to Rule 61(b)(18). (Last location was A. RLS. on 9/1/2017)

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

Summary:

Would establish the Safe and Affordable Drinking Water Fund in the State Treasury and would provide that moneys in the fund are continuously appropriated to the State Water Resources Control Board. The bill would require the board to administer the fund to secure access to safe drinking water for all Californians, while also ensuring the long-term sustainability of drinking water service and infrastructure. The bill would authorize the state board to provide for the deposit into the fund of federal contributions, voluntary contributions, gifts, grants, bequests, and settlements from parties responsible for contamination of drinking water supplies.

Position: Watch

Subject: Water

SB 778 (Hertzberg D) Water systems: consolidations: administrative and managerial services.

Current Text: Amended: 7/13/2017 [html](#) [pdf](#)

Introduced: 2/17/2017

Last Amended: 7/13/2017

Status: 8/17/2018-Failed Deadline pursuant to Rule 61(b)(15). (Last location was A. 2 YEAR on 9/1/2017)

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

Summary:

Would require, on or before March 1, 2018, and regularly thereafter, as specified, the State Water Resources Control Board to track and publish on its Internet Web site an analysis of all voluntary and ordered consolidations of water systems that have occurred on or after July 1, 2014. The bill would require the published information to include the resulting outcomes of the consolidations and whether the consolidations have succeeded or failed in providing an adequate supply of safe drinking water to the communities served by the consolidated water systems.

Position: Watch

Subject: Municipal Services

SB 929 (McGuire D) Special districts: Internet Web sites.

Current Text: Enrollment: 8/28/2018 [html](#) [pdf](#)

Introduced: 1/25/2018

Last Amended: 8/16/2018

Status: 8/28/2018-Enrolled and presented to the Governor at 3:30 p.m.

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

Summary:

The California Public Records Act requires a local agency to make public records available for inspection and allows a local agency to comply by posting the record on its Internet Web site and directing a member of the public to the Internet Web site, as specified. This bill would, beginning on January 1, 2020, require every independent special district to maintain an Internet Web site that clearly lists contact information for the special district, except as provided. Because this bill would require local agencies to provide a new service, the bill would impose a state-mandated local program.

Attachments:

[CALAFCO Support letter May 2018](#)

Position: Support

SB 1498 (Committee on Governance and Finance) Local Government Omnibus Act of 2018.

Current Text: Enrollment: 8/30/2018 [html](#) [pdf](#)

Introduced: 3/1/2018

Last Amended: 8/6/2018

Status: 8/30/2018-Enrolled and presented to the Governor at 5 p.m.

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

Summary:

Current law sets forth various provisions governing cities that reference various officers and employees. This bill would make these references gender neutral.

Position: Watch

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

Total Measures: 24

Total Tracking Forms: 24

9/14/2018 10:18:25 AM

SAN MATEO



LOCAL AGENCY FORMATION COMMISSION

455 COUNTY CENTER, 2ND FLOOR • REDWOOD CITY, CA 94063-1663 • PHONE (650) 363-4224 • FAX (650) 363-4849

September 10, 2018

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

Re: **AB 2258** (Caballero): Local agency formation commissions: grant program
Request for Signature

Dear Governor Brown:

The San Mateo Local Agency Formation Commission (LAFCo) joins the California Association for Local Agency Formation Commissions (CALAFCO) in respectfully **requesting your signature on Assembly Bill 2258** by Assembly Member Anna Caballero. Sponsored by CALAFCO, **AB 2258** establishes a grant program administered by the Strategic Growth Council for California's 58 LAFCos to provide grants to LAFCos to address known service and governance concerns in disadvantaged communities.

The five-year grant funding program provides financial assistance to conduct studies and analyses of local government agencies and services serving disadvantaged communities for the purposes of creating improved efficiencies in the delivery of services and to complete the process to terminate inactive special districts. The bill authorizes the grant program for a limited time period, upon appropriation in the annual Budget Act and sunsets July 31, 2024.

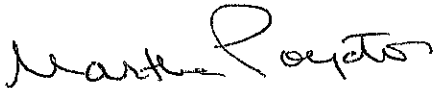
An August 2017 Little Hoover Commission report on special districts outlined concerns about LAFCos lacking adequate funding to conduct studies needed to solve service and infrastructure deficiencies in disadvantaged communities and recommended the Legislature consider one-time grant funding to pay for specified activities, suggesting a small amount of funding could save taxpayers money in the long-term if local government services are streamlined and efficiency is improved.

In San Mateo County, the rural community of Pescadero is a disadvantaged unincorporated community served by a County Service Area that provides domestic water from an underground aquifer. The system lacks adequate supply and pressure to allow the Town to expand the limited visitor serving businesses and at times is overtaxed by greater than usual week end visitors. Additionally the community is served by individual septic systems that further hinder opportunities to improve and sustain the town's economy and promote environmental health. In 2004, County of San Mateo issued a declaration stating, "Inadequate soil structure and high groundwater in the area provides poor conditions for adequate treatment of septic wastes from the residences and businesses in the Community resulting in a threat to public health, and precludes the installation of effective new septic systems". **AB 2258** grand funding could help determine potential solutions to Pescadero's sewer and water infrastructure deficiencies.

Through **AB 2258**, LAFcos and service providers can work together to create greater efficiencies in the provision of sustainable municipal services, focusing on disadvantaged communities throughout California, by directing much needed resources to these areas.

On behalf of the San Mateo Local Agency Formation Commission, I respectfully request your signature on **AB 2258** when it comes before you for action. Please don't hesitate to contact this office with questions or concerns.

Sincerely,



Martha Poyatos
Executive Officer

cc: The Honorable Anna Caballero, California State Assembly
The Honorable Tim Grayson, co-author, California State Assembly
The Honorable Robert Hertzberg, co-author, California State Senate
The Honorable Jerry Hill, California State Senate
The Honorable Kevin Mullin, California State Assembly
Mr. Tom Dyer, Chief Deputy Legislative Secretary to the Governor
Ms. Pamela Miller, CALAFCO Executive Director
Members, San Mateo LAFCo

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Date Published: 08/29/2018 09:00 PM

ENROLLED AUGUST 29, 2018

PASSED IN SENATE AUGUST 22, 2018

PASSED IN ASSEMBLY AUGUST 28, 2018

AMENDED IN SENATE AUGUST 15, 2018

CALIFORNIA LEGISLATURE— 2017–2018 REGULAR SESSION

ASSEMBLY BILL**No. 2179****Introduced by Assembly Member Gipson****February 12, 2018**

An act to amend Section 10061 of the Public Utilities Code, relating to utility service.

LEGISLATIVE COUNSEL'S DIGEST

AB 2179, Gipson. Municipal corporations: public utility service: water and sewer service.

Existing law authorizes the furnishing of utility services by publicly owned public utilities, including municipal corporations, which are subject to control by their governing bodies. Existing law authorizes any municipal corporation to acquire, construct, own, operate, or lease any public utility, as defined, to furnish its inhabitants with light, water, power, heat, transportation, or means of communications and to furnish those services outside its boundaries, except within another municipal corporation that furnishes the same service or that does not consent. Existing law authorizes a municipal corporation to sell or dispose of any public utility it owns. Existing law requires that a resolution authorizing the sale of a public utility be passed by 2/3 of the members of the legislative body of the municipal corporation and be passed by a 2/3 vote of all voters voting at an election to authorize the sale in the ordinance calling the election. Existing law establishes an alternative procedure whereby a municipal corporation can lease, sell, or transfer that portion of a water utility used for furnishing water service outside the boundaries of the municipal corporation.

This bill would additionally authorize a municipal corporation to utilize the alternative procedures to lease, sell, or transfer that portion of a municipal utility used for furnishing sewer service outside the boundaries of the municipal corporation.

This bill would incorporate additional changes to Section 10061 of the Public Utilities Code proposed by AB 2339 to be operative only if this bill and AB 2339 are enacted and this bill is enacted last.

Vote: majority Appropriation: no Fiscal Committee: no Local Program: no

THE PEOPLE OF THE STATE OF CALIFORNIA DO ENACT AS FOLLOWS:

SECTION 1. Section 10061 of the Public Utilities Code is amended to read:

10061. (a) Notwithstanding Article 1 (commencing with Section 10001) and this article, a municipal corporation, by following the provisions of this section, may lease, sell or transfer all or part of a public utility owned and operated by it for furnishing water or sewer service. As used in this section, "municipal corporation," means a city or a city and county.

(b) Any municipal corporation owning and operating a public utility for furnishing water or sewer service, a part of which or all of which public utility is operated and used for furnishing water or sewer service outside the boundaries of the municipal corporation, may lease, sell or transfer, for just compensation all or any part of the portion of the public utility located outside the boundaries of the municipal corporation to any other municipal corporation, public agency, water corporation, or sewer system corporation upon the terms and conditions agreed upon by the selling municipal corporation if, by resolution adopted by a majority of its legislative body, it has determined that the public utility, or portion thereof, is not necessary for supplying water or sewer service to its own inhabitants and if the acquiring entity by resolution adopted by a majority of the members of its legislative body or board of directors has concurred in the lease, sale, or transfer and the terms and conditions thereof and if the acquiring entity will be bound to render water or sewer service to the persons formerly served through the system being sold on terms and conditions that are just and reasonable and do not unreasonably discriminate against the customers of the acquired entity.

(c) Any municipal corporation owning and operating a public utility for furnishing water or sewer service may sell or transfer, for just compensation, all or any part of the public utility located inside its municipal boundaries to any other municipal corporation, public agency, water corporation, or sewer system corporation upon the terms and conditions agreed upon by the selling municipal corporation, if the sale or transfer is approved as follows:

(1) The municipal corporation, by resolution adopted by a majority of its legislative body, has determined that the public utility, or portion thereof, is not necessary for supplying water or sewer services to its own inhabitants, or that its inhabitants will be provided with equal or better service by the acquiring entity on terms that are just and reasonable and do not discriminate against the customers of the acquired entity; and orders the issue submitted to the qualified voters of the municipality at a special or general election held for that purpose.

(2) The acquiring entity by resolution adopted by a majority of its legislative body or board of directors has concurred in the sale or transfer and in the terms and conditions thereof.

(3) The sale or transfer is approved by a majority of all voters voting on the issue in the election held for that purpose.

(4) The municipal corporation, public agency, water corporation, or sewer system corporation proposing to acquire a municipal corporation public utility for furnishing water or sewer service shall disclose to the customers of the public water or sewer system to be acquired, not less than 30 days prior to the date of election for formal approval of the acquisition, a written statement which includes all of the following:

(A) A summary of the price and terms of the proposed acquisition.

(B) A comparison of the applicable water or sewer charges before and after the proposed acquisition.

(C) The estimated savings to be achieved or additional costs expected to result, or both, from the proposed acquisition.

(d) Subject to subdivision (e), a municipal corporation may lease a public utility furnishing water or sewer service by a resolution adopted by a majority of its legislative body and without lease term or other restrictions stated in any other law.

(e) A municipal corporation acting pursuant to subdivision (c) shall specify the manner of soliciting and filing, and the method of evaluating, proposals for the acquisition of the public utility. Upon receipt and staff evaluation of a proposal or proposals the municipal corporation, if it determines that the proposal or proposals are responsive, shall schedule a public hearing, and notice thereof shall be published in accordance with Section 6066 of the Government Code. At the hearing, the municipal corporation shall examine proposals received and

staff recommendations, and without lease term or other restrictions, may lease, sell, or transfer, for just compensation, the public utility to the entity that the municipal corporation finds best qualified to continue to provide equal or better service to the customers of the system. If the resolution proposes a sale, the resolution shall place the question on the ballot at the next regularly scheduled election or at a special election called for that purpose. The municipal corporation may, in its sole discretion, reject all proposals.

(f) Any agreement entered into before September 17, 1965, between municipal corporations for the lease, sale, or transfer of all or any part of a public utility owned and operated by one of the municipal corporations and furnishing water service to the inhabitants of the municipal corporation to which the lease, sale or transfer is made is hereby validated.

SEC. 1.5. Section 10061 of the Public Utilities Code is amended to read:

10061. (a) Notwithstanding Article 1 (commencing with Section 10001) and this article, and except as provided in Section 37420.5 of the Government Code, a municipal corporation, by following the provisions of this section, may lease, sell, or transfer all or part of a public utility owned and operated by it for furnishing water or sewer service. As used in this section, "municipal corporation" means a city or a city and county.

(b) Any municipal corporation owning and operating a public utility for furnishing water or sewer service, a part of which or all of which public utility is operated and used for furnishing water or sewer service outside the boundaries of the municipal corporation, may lease, sell, or transfer, for just compensation, all or any part of the portion of the public utility located outside the boundaries of the municipal corporation to any other municipal corporation, public agency, water corporation, or sewer system corporation upon the terms and conditions agreed upon by the selling municipal corporation if, by resolution adopted by a majority of its legislative body, it has determined that the public utility, or portion thereof, is not necessary for supplying water or sewer service to its own inhabitants and if the acquiring entity by resolution adopted by a majority of the members of its legislative body or board of directors has concurred in the lease, sale, or transfer and the terms and conditions thereof and if the acquiring entity will be bound to render water or sewer service to the persons formerly served through the system being sold on terms and conditions that are just and reasonable and do not unreasonably discriminate against the customers of the acquired entity.

(c) Any municipal corporation owning and operating a public utility for furnishing water or sewer service may sell or transfer, for just compensation, all or any part of the public utility located inside its municipal boundaries to any other municipal corporation, public agency, water corporation, or sewer system corporation upon the terms and conditions agreed upon by the selling municipal corporation, if the sale or transfer is approved as follows:

(1) The municipal corporation, by resolution adopted by a majority of its legislative body, has determined that the public utility, or portion thereof, is not necessary for supplying water or sewer services to its own inhabitants, or that its inhabitants will be provided with equal or better service by the acquiring entity on terms that are just and reasonable and do not discriminate against the customers of the acquired entity, and orders the issue submitted to the qualified voters of the municipality at a special or general election held for that purpose.

(2) The acquiring entity by resolution adopted by a majority of its legislative body or board of directors has concurred in the sale or transfer and in the terms and conditions thereof.

(3) The sale or transfer is approved by a majority of all voters voting on the issue in the election held for that purpose.

(4) The municipal corporation, public agency, water corporation, or sewer system corporation proposing to acquire a municipal corporation public utility for furnishing water or sewer service shall disclose to the customers of the public water or sewer system to be acquired, not less than 30 days prior to the date of election for formal approval of the acquisition, a written statement which includes all of the following:

(A) A summary of the price and terms of the proposed acquisition.

(B) A comparison of the applicable water or sewer charges before and after the proposed acquisition.

(C) The estimated savings to be achieved or additional costs expected to result, or both, from the proposed acquisition.

(d) Subject to subdivision (e), a municipal corporation may lease a public utility furnishing water or sewer service by a resolution adopted by a majority of its legislative body and without lease term or other restrictions stated in any other law.

(e) A municipal corporation acting pursuant to subdivision (c) shall specify the manner of soliciting and filing, and the method of evaluating, proposals for the acquisition of the public utility. Upon receipt and staff evaluation of a proposal or proposals the municipal corporation, if it determines that the proposal or proposals are responsive, shall schedule a public hearing, and notice thereof shall be published in accordance with Section 6066 of the Government Code. At the hearing, the municipal corporation shall examine proposals received and staff recommendations, and without lease term or other restrictions, may lease, sell, or transfer, for just compensation, the public utility to the entity that the municipal corporation finds best qualified to continue to provide equal or better service to the customers of the system. If the resolution proposes a sale, the resolution shall place the question on the ballot at the next regularly scheduled election or at a special election called for that purpose. The municipal corporation may, in its sole discretion, reject all proposals.

(f) Any agreement entered into before September 17, 1965, between municipal corporations for the lease, sale, or transfer of all or any part of a public utility owned and operated by one of the municipal corporations and furnishing water service to the inhabitants of the municipal corporation to which the lease, sale, or transfer is made is hereby validated.

SEC. 2. Section 1.5 of this bill incorporates amendments to Section 10061 of the Public Utilities Code proposed by both this bill and Assembly Bill 2339. That section shall only become operative if (1) both bills are enacted and become effective on or before January 1, 2019, (2) each bill amends Section 10061 of the Public Utilities Code, and (3) this bill is enacted after Assembly Bill 2339, in which case Section 1 of this bill shall not become operative.

Date of Hearing: May 9, 2018

ASSEMBLY COMMITTEE ON LOCAL GOVERNMENT

Cecilia Aguiar-Curry, Chair

AB 2179 (Gipson) – As Introduced February 12, 2018

SUBJECT: Municipal corporations: public utility service: water and sewer service.

SUMMARY: Authorizes a municipal corporation to utilize alternative procedures to lease, sell, or transfer a municipal utility used for furnishing sewer service. Specifically, **this bill:**

- 1) Allows a municipal corporation owning and operating a public utility for furnishing sewer service, that provides sewer service outside the boundaries of such municipal corporation, to lease, sell or transfer the portion of the utility located outside the boundaries of such municipal corporation to another public entity or utility upon a majority vote of the board, provided there is adequate justification for the sale or transfer.
- 2) Authorizes a municipal corporation owning a public utility for furnishing sewer service to sell the public utility within its boundaries with a majority vote of its legislative body and a majority vote of the electorate.
- 3) Requires the municipal corporation, public agency, water corporation, or sewer system corporation that is proposing to acquire sewer service from a municipal corporation to disclose to the customers of the system to be acquired, not less than 30 days prior to the date of the election, a written statement which includes all of the following:
 - a) A summary of the price and terms of the proposed acquisition;
 - b) A comparison of the applicable sewer charges before and after the proposed acquisition; and,
 - c) The estimated savings to be achieved or additional costs to be expected to result, or both, from the proposed acquisition.
- 4) Authorizes a municipal corporation to lease a public utility furnishing sewer service by a resolution adopted by a majority of its legislative body and without lease term or other restrictions.

EXISTING LAW:

- 1) Defines “Municipal corporation” to mean a city or a city and county.
- 2) Allows a city to purchase, lease, receive, hold and enjoy real and personal property, and control and dispose of it for the common benefit.
- 3) Establishes, generally, a maximum term of 15 years for the lease of a public utility.
- 4) Allows a city or a city and county to sell any public utility that it owns, generally, by a two-thirds vote of its legislative body, and subsequently by a two-thirds vote of all voters voting at an election.

- 5) Allows municipal corporations owning and operating a public utility for furnishing drinking water, which provides water service outside the boundaries of such municipal corporation, to lease, sell or transfer the portion of the utility located outside the boundaries of such municipal corporation to another public entity or utility upon a majority vote of the board, provided there is adequate justification for the sale or transfer.
- 6) Allows a municipal corporation owning a public utility for furnishing drinking water service to sell the public utility within its boundaries with a majority vote of its legislative body and a majority vote of the electorate.
- 7) Establishes a policy of the state that every human being has the right to safe, clean, affordable, and accessible water adequate for human consumption, cooking, and sanitary purposes.

FISCAL EFFECT: None

COMMENTS:

- 1) **Wastewater treatment and regulation.** Wastewater treatment in California centers on the collection, conveyance, treatment, reuse and disposal of wastewater. This process is conducted largely by public agencies, though there are also privatized systems in places where a treatment plant is not feasible. In California, wastewater treatment takes place through 100,000 miles of sanitary sewers and at more than 900 wastewater treatment plants that manage the roughly four billion gallons of wastewater generated in the state each day.

The State Water Resources Control Board (SWRCB) and the nine Regional Water Quality Control Boards (regional boards) regulate water quality in the state. The Porter-Cologne Water Quality Control Act requires SWRCB and the regional boards to regulate discharges (including those from septic systems and sewer systems) to ensure long-term water quality protection.

- 2) **Consolidation in California.** In 2015, the SWRCB was given the authority to order consolidation of a public water system within a disadvantaged community, under specified conditions. In 2016, the SWRCB was given the authority to evaluate the ability of a proposed new public water system's ability to meet drinking water standards for the foreseeable future and to deny a permit if it is determined that the new public water system will not be sustainable into the future. In 1997, the Public Utilities Commission (PUC) was required to use fair market value when setting rates creating a greater incentive for PUC regulated water providers to consolidate. At a November 2017 joint workshop between the PUC and the SWRCB, the SWRCB reported that they sent out approximately 250 letters to small public water systems from September through November recommending consolidation.

In recent years, the Legislature has focused on creating tools to bring clean, reliable drinking water to all of California's communities. This year, the Legislature has expanded that focus to ensuring all communities have reliable sewer service. Besides AB 2179, SB 1215 (Hertzberg) of this year, allows the SWRCB to order provision of service to disadvantaged communities served by onsite wastewater treatment systems, similar to its authority to order the provision of drinking water service detailed above.

- 3) **Bill Summary.** AB 2179 reduces the voter threshold for cities to sell, lease, or transfer sewer service infrastructure to another provider from a super majority vote to a majority vote. This bill aligns the selling, lease, or transfer of a city sewer system with the existing process that dictates how a city can sell, lease, or transfer its drinking water service to another provider. This bill is sponsored by the author.
- 4) **Author's Statement.** According to the author, "Sewer systems are utilities that consist of pipes, chambers, manholes, and other infrastructure that convey sewage or storm water to treatment facilities or into the environment. California has hundreds of these systems that vary considerably in size and quality. In many cities, water and sewer services are not provided by the same agency.

"Severe constraints are applied to sewer systems, which may result in premature deterioration. These include root intrusion, joint displacement, cracks, and hole formations that can lead to a significant volume of leakage with an overall risk for the environment and public health. Conveying sewage in a safe and affordable manner can be particularly challenging for small municipal sewer systems that lack the resources to fund the ongoing cost of maintenance, treatment, and personnel needed to operate what are sometimes very complex systems. Additionally, increasing regulatory compliance and cost infrastructure needs are driving small systems to consider alternatives like regionalization, partnering, and consolidation.

"Specific to consolidation, small sewer systems can overcome these challenges by consolidating with neighboring sewer or overlapping water systems to achieve economies of scale and eliminate duplicated expenses. Consolidated sewer and water systems can share costs such as billing and operational personnel and can purchase time-saving equipment that neither system could afford to purchase alone because they can spread costs over a larger customer base.

"Although some cities may want to voluntarily consolidate their water and sewer system, there are barriers to consolidation. One of those barriers is existing law which requires a city's legislative body to pass a resolution authorizing the sale of a sewer system by a two-thirds majority vote as well as the voters in the city approving the sale by a two-thirds majority vote. Since the cost of an election is prohibitive for many small cities and the voter threshold to successfully sell a sewer system is unreasonably high many local governments are not able to consolidate their sewer systems.

"Additionally, the sale of a water system only requires a majority of its legislative body and a majority of the voters in the city to approve the sale. This bill would therefore allow cities to sell and consolidate their sewer systems if the majority of its legislative body approves of the sale and if the sale is approved by a majority of the city's voters. This bill would normalize the election requirements for water and sewer systems."

- 5) **Prior and Related Legislation.** SB 2111 (Beverly), Chapter 169, Statutes of 1996, allowed municipal corporations owning and operating a public utility for furnishing water to sell or transfer all or any part of the utility located inside its municipal boundaries to another public entity or utility, with a majority vote of the legislative board of the municipal corporation and a majority vote of the qualified voters of the municipality.

SB 1268 (Kelley), Chapter 675, Statutes of 1997, required the PUC, when establishing the rate base value for the distribution system of a public water system acquired by a water corporation, to use the standard of fair market value for rate setting purposes.

SB 88 (Committee on Budget and Fiscal Review), Chapter 27, Statutes of 2015, allowed for the SWRCB to order consolidation of a public water system or a small water system within a disadvantaged community, under specified conditions. Additionally, SB 88 limited the liability of any agency in the chain of distribution that delivers water to a consolidated water system.

AB 685 (Eng), Chapter 524, Statutes of 2012, established the human right to water policy that every human being has the right to safe, clean, affordable, and accessible water adequate for human consumption, cooking, and sanitary purposes.

This year, AB 2339 (Gipson) allows, in limited circumstances, a city to sell its drinking water property without a majority election. This bill was heard in this Committee on April 11 and passed with a 7-0 vote. This bill is currently pending in the Assembly Appropriations Committee.

- 6) **Arguments in Support.** Supporters argue that AB 2179 encourages the voluntary consolidation of municipal sewer systems to improve infrastructure in California. Conveying sewage in a safe and affordable manner is particularly challenging for small municipal sewer systems that lack the resources to fund the ongoing cost of maintenance, treatment, and personnel needed to operate what can be very complex systems. Additionally, increasing regulatory compliance and cost infrastructure needs are driving small systems to consider alternatives such as regionalization, partnering, and consolidation. Unlike sewer systems, the sale of a drinking water system only requires a majority vote of its legislative body and a majority vote of the residents in the city to approve a sale. This bill would therefore allow a municipality to sell and consolidate its sewer system if the majority of its legislative body approves of the sale and if the sale is approved by a majority of the city's voters. This bill would ultimately normalize the election requirements for city owned water and sewer systems.

- 7) **Arguments in Opposition.** None on file.

REGISTERED SUPPORT / OPPOSITION:

Support

California Water Association

Opposition

None on file

Analysis Prepared by: Jimmy MacDonald / L. GOV. / (916) 319-3958