

TULARE COUNTY LOCAL AGENCY FORMATION COMMISSION

210 N. Church Street, Suite B, Visalia 93291 Phone: (559) 623-0450 FAX: (559) 733-6720

COMMISSIONERS:
Rudy Mendoza, Chair
Allen Ishida, V-Chair
Cameron Hamilton
Steve Worthley
Juliet Allen

ALTERNATES:
Pete Vander Poel
Craig Vejvoda
Dennis Mederos

EXECUTIVE OFFICER:
Ben Giuliani

LAFCO MEETING AGENDA

December 7, 2016 @ 2:00 P.M.

BOARD OF SUPERVISORS CHAMBERS
COUNTY ADMINISTRATIVE BUILDING
2800 West Burrel Avenue
Visalia CA 93291

- I. **Call to Order**
- II. **Approval of Minutes from October 5, 2016 (Pages 1-4)**
- III. **Public Comment Period**

At this time, members of the public may comment on any item not appearing on the agenda and that is within the scope of matters considered by the Commission. Under state law, matters presented under this item cannot be discussed or acted upon by the LAFCO Commission at this time. So that all interested parties have an opportunity to speak, any person addressing the Commission may be limited at the discretion of the chair. At all times, please use the microphone and state your name and address for the record.

IV. New Action Items

1. **Election of Officers for 2017 (Page 5)**
[No Public Hearing].....*Recommended Action: Elect Chairman and Vice-Chairman*

The Commission will select a new Commission Chair and Vice-Chair. The LAFCO Commission Chair and Vice-Chair are chosen on a rotating basis in accordance with LAFCO Policy A-4 which has typically been rotated from City to County to Public. The new officers' terms will commence on January 1, 2016 and end on December 31, 2016.
2. **Combining January and February Meetings to one Meeting (No Page)**
[No Public Hearing].....*Recommended Action: Approval*

To avoid holiday schedule conflicts and to ensure that there is a greater than 30 day gap between the first two meetings of next year, staff proposes to move the January 4th meeting to January 18th and to cancel the February 1st meeting. There is one currently scheduled action item for the January meeting that may also need a protest hearing. The requested adjustment in the meeting schedule would not adversely delay the annexation proposal.

NOTE: Persons wishing to speak on any of the agenda items who have made a political contribution of more than \$250 to any commissioner in the last twelve months must indicate this when speaking.

V. Executive Officer's Report

1. 2016 LAFCO Annual Report (Pages 7-32)

Annually, LAFCO Staff prepares an overview of the current year including a series of maps and statistical tables that track city and special district annexation activity for both the preceding year as well as annexation activity over the course of LAFCO's existence. The map and table series also County prime agricultural land, land uses, government owned land, and land under Williamson Act Contract.

2. Legislative Update (Pages 33-36)

Enclosed is the final legislative update from CALAFCO.

3. Upcoming Projects (No Page)

The Executive Officer will provide a summary and tentative schedule of upcoming LAFCO projects.

VI. Correspondence

1. The Sphere (Pages 37-56)

Enclosed is the October, 2016 edition of "The Sphere" from CALAFCO.

VII. Other Business

1. Appreciation to Allen Ishida

Allen Ishida has honorably served on the Tulare County Local Agency Formation Commission as a County Member since January 2008 and previously as an alternate from January 2007 to December 2007. Commissioner Ishida is applauded for his excellent service to LAFCO and work on behalf of the citizens of Tulare County. Appreciation and best wishes are extended to him in his future endeavors.

2. Commissioner Report

3. Request from LAFCO for items to be set for future agendas

VIII. Setting Time and Place of Next Meeting

1. January 4 or January 18, 2017 @ 2:00 P.M. in the Board of Supervisors Chambers in the County Administration Building.

IX. Adjournment

NOTE: Persons wishing to speak on any of the agenda items who have made a political contribution of more than \$250 to any commissioner in the last twelve months must indicate this when speaking.

ITEM: II

TULARE COUNTY LOCAL AGENCY FORMATION COMMISSION

Summary Minutes of the Meeting

October 5, 2016

Members Present: Allen, Ishida, Worthley
Members Absent: Mendoza, Hamilton
Alternates Present: Mederos
Alternates Absent: Vander Poel, Vejvoda
Staff Present: Giuliani, Ingoldsby, Unti
Counsel Present: Nielsen

I. Call to Order

Vice-Chair Ishida called the Tulare County LAFCO meeting to order at 2:00 p.m. on October 5, 2016.

II. Approval of the August 3, 2016 Meeting Minutes:

Upon motion by Commissioner Allen and seconded by Commissioner Worthley, the Commission unanimously approved the LAFCO minutes of August 3, 2016.

III. Public Comment Period

Vice-Chair Ishida opened/closed the Public Comment Period at 2:02 p.m. No public comments received.

IV. New Action Items

1. Designation of Voting Delegate and Alternate for CALAFCO Conference

Staff Analyst Ingoldsby informed the Commission there would need to be a designated voting delegate and alternate for the upcoming CALAFCO Conference. Commissioner Worthley nominated Commissioner Allen as the Voting Delegate and Chair Mendoza as the alternate.

Upon motion by Commissioner Worthley and seconded by Commissioner Allen, the Commission unanimously approved the Designation of Voting Delegate and Alternate for the CALAFCO Conference.

2. 2017 Proposal Deadline and Meeting Schedule

Ms. Unti presented the proposed LAFCO application deadline and meeting schedule for 2017.

Upon motion by Commissioner Allen and seconded by Commissioner Worthley, the Commission unanimously approved the 2017 Proposal Deadline and Meeting Schedule.

3. Cancellation of November Meeting

Executive Office Giuliani proposed the cancellation of the November LAFCO meeting due to the lack of items for November.

Upon motion by Commissioner Allen and seconded by Commissioner Worthley, the Commission unanimously approved the Cancellation of November Meeting.

Executive Officer's Report

1. Agriculture Report

EO Giuliani presented the 2016 Agriculture Report, which included updated agriculture information from the 2015 Tulare County annual crop report along with information from other San Joaquin reports.

Commissioner discussion ensued regarding the increase in farmed agricultural land. EO Giuliani stated that additional information would be requested from the County Agricultural Commissioner regarding the increase in farmed land.

2. ESA 2016-03

EO Giuliani informed commissioners that pursuant to Policy C-6, an Extraterritorial Service Agreement was approved for the provision of domestic water to existing development on 70 parcels in East Porterville.

3. CALAFCO Written Testimony to Little Hoover Commission

EO Giuliani informed commissioners about written testimony from CALAFCO given to the Little Hoover Commission regarding special districts, MSRs and related topics for a hearing that was held on August 25th.

4. Legislative Update

EO Giuliani reviewed the status of current legislative bills affecting LAFCOs.

5. Upcoming Projects

EO Giuliani reported there were currently no new upcoming projects. However, several projects had recently been approved by cities and districts that LAFCO should be receiving in the upcoming year.

VI. Correspondence

1. Leadership Counsel Letter to LAFCO

Veronica Garibay from the Leadership Counsel and Merced Barrera, Reina Palma, and Lenord Ogans spoke on behalf of the Matheny Tract Committee, regarding the provision of sewer service from the City of Tulare to the Matheny Tract.

2. CALAFCO Quarterly Report

EO Giuliani stated the Annual CALAFCO Conference is scheduled for October with Commissioners' Allen and Mendoza attending as the voting delegates for Tulare County.

EO Giuliani informed Commissioners regarding an upcoming CALAFCO white paper being developed with the American Farmland Trust regarding policies pertaining to preservation of agricultural land.

VII. Other Business

1. Commissioner Report

None

2. Request from LAFCO for items to be set for future agendas

None

VIII. Setting Time and Place of Next Meeting

The next meeting is scheduled for December 7, 2016 at 2:00 p.m., in the Board of Supervisors Chambers in the County Administration Building.

IX. Adjournment

The Tulare County LAFCO meeting adjourned at 3:00 p.m.

This page intentionally left blank.



TULARE COUNTY LOCAL AGENCY FORMATION COMMISSION

210 N. Church St., Suite B, Visalia, CA 93291 (559) 623-0540 FAX (559) 733-6720

COMMISSIONERS:

*Julie Allen
Rudy Mendoza, Chair
Allen Ishida, Vice Chair
Cameron Hamilton
Steve Worthley*

December 7, 2016

ALTERNATES:

*Peter Vander Poel
Craig Vejvoda
Dennis Mederos*

TO: All LAFCO Commission Members and Alternates

FROM: Ben Giuliani, Executive Officer

EXECUTIVE OFFICER:
Ben Giuliani

SUBJECT: Election of Officers for 2017

Commission Policy A-4 requires that the LAFCO Chair and Vice-Chair be annually chosen on a rotating basis so that all members will have an equal opportunity to serve as an officer. This has typically been rotated between City-County-Public members. Using the typical rotation, County representative Allen Ishida is scheduled to be selected as Chair and Public representative Julie Allen is to be selected as Vice-Chair. However, with Commissioner Ishida's Supervisorial term expiring, if the Commission wishes to keep to the typical rotation schedule, the Commission could select County representative Steve Worthley as Chair or designate whoever replaces Commissioner Ishida as the Chair. The terms of office for chair and vice-chair shall be one year from January 1 to December 31.

Current Member Roster

<u>Member</u>	<u>Term Expires</u>
Steve Worthley (<i>Commissioner</i>)	May 2020
Allen Ishida (<i>Commissioner</i>)	May 2018
Juliet Allen (<i>Vice Chair - proposed</i>)	May 2018
Cameron Hamilton (<i>Commissioner</i>)	May 2020
Rudy Mendoza (<i>Commissioner</i>)	May 2019
<i>Pete Vander Poel (Alternate)</i>	May 2019
<i>Craig Vejvoda (Alternate)</i>	May 2017
<i>Dennis Mederos (Alternate)</i>	May 2020

This page intentionally left blank.



TULARE COUNTY LOCAL AGENCY FORMATION COMMISSION

210 N. Church Street, Suite B, Visalia 93291 Phone: (559) 623-0450 FAX: (559) 733-6720

December 7, 2016

To: LAFCO Commissioners and Alternates

From: Steven Ingoldsby, Staff Analyst

Subject: 2016 Annual Report

COMMISSIONERS:

*Juliet Allen, Chair
Rudy Mendoza, V-Chair
Allen Ishida
Cameron Hamilton
Steve Worthley*

ALTERNATES:

*Dennis Mederos
Pete Vander Poel
Craig Vejvoda*

EXECUTIVE OFFICER:

Ben Giuliani

Local Agency Formation Commissions (LAFCOs) were established in each California county with the purpose of discouraging urban sprawl, preserving open-space and prime agricultural lands, efficiently providing governmental services to the residents of their respective counties, and encouraging the orderly formation and development of local agencies (i.e. cities and special districts) based on local conditions and circumstances. To help the Commission accomplish its propose, the Cortese-Knox-Hertzberg Local Reorganization Act of 2000 (Act) establishes procedures for local government changes of organization that are subject to commission review and approval such as annexations to a city or special district, city incorporation, district formation and consolidation of districts. A copy of the latest version of the Act can be accessed here <http://alcl.assembly.ca.gov/publications>.

A listing of Commission actions and reports, and a series of maps, graphs and tables are presented each December, which track changes within several categories under the purview of the Commission. These maps not only provide the Commission insight into future issues, challenges, and opportunities that could arise during consideration of future proposals, but they also serve as a gauge of the Commission's progress in accomplishing their purpose. The following is a summary of the materials contained in this presentation.

Action and Report Summary

Listed below is a summary of all the actions taken by the Commission and the special reports given to the Commission in 2016. The February, July, September and November meetings were cancelled.

JANUARY

City of Visalia Annexation, 1521-V-447

The Commission approved an annexation of 37.6 acres and detachment of the same area from CSA 1.

Deer Creek Storm Water District Sphere of Influence Amendment, 1522a

The Commission approved a SOI amendment to accommodate an annexation of approximately 35,600 acres.

Deer Creek Storm Water District Annexation, 1522b

The Commission approved an annexation of approximately 35,600 acres.

MARCH

Resolution Adopted for Protest Hearing for City of Visalia Annexation 1521-V-447

The Commission approved the City of Visalia Annexation Protest results (43.4% of land value).

Alternate Public Member Selection Committee

The Commission selected Commissioners Hamilton and Worthley to serve on the Alternate Public Member Selection Committee

ESA 2016-01 (City of Porterville/Taggard)

EO Giuliani informed commission that on March 10, 2016 he had approved ESA 2016-01 for the City of Porterville to provide municipal water service to a single developed parcel owner.

APRIL

Deer Creek Storm Water District Annexation Reconsideration Approval 1522b

The Commission approved the reconsideration request to amend the approved annexation resolution by removing the Homeland/Lakeland Canal, Lateral A and Lateral B from the annexation.

Alternate Public Member Appointment

The Commission approved Dennis Mederos to serve as the Alternate Public Member.

City of Exeter Municipal Service Review Update Adoption

The Commission approved the Adoption of the City of Exeter Municipal Service Review Update.

City of Exeter Sphere of Influence Update Adoption

The Commission approved the City of Exeter Sphere of Influence Update (net addition of 32 acres).

2016/2017 Preliminary Budget and Work Program Approval

The Commission approved the 2016/2017 Preliminary and Budget and Work Program and designated \$50,000 from reserve funding to offset city/county contributions.

MAY

Deer Creek Storm Water District Annexation Protest Results Acceptance 1522b

The protest results stood at 0.19% of the land value protested. The Commission accepted the protest results and ordered the annexation without election.

Legislative Letter to oppose SB1318 (Wolk)

The Executive Officers reviewed the issues concerning the bill and the Commission agreed to finalize and send the legislative letter before the May 16th Appropriations Committee.

JUNE

2016/2017 Final Budget and Work Program Adoption

The Commission adopted the Final 2016/2017 Budget and Work Program with the only change from the preliminary budget was the application of \$50,000 for reserve funds.

AUGUST

City of Woodlake Annexation 1523-W-22 (Turner/Mathias)

The Commission approved annexation of 30.6 acres to the City of Woodlake, a detachment of the same area from CSA 1 and annexation of 15.2 acres to the Woodlake Fire Protection District.

Delano-Earlimart Irrigation District Sphere of Influence Amendment 1524a

The Commission approved a SOI amendment to accommodate an annexation for GSA purposes of approximately 7,569 acres. The original proposal requested 9,056 acres but the Commission excluded land owned by the Department of Fish and Wildlife from the annexation.

Delano-Earlimart Irrigation District Annexation 1524b

The Commission approved an annexation of approximately 7,569 acres.

City of Visalia Sphere of Influence Amendment 1525

The Commission approved a SOI amendment to accommodate an annexation of approximately 156 acres.

City of Visalia Annexation 1525-V-448 (Doe)

The Commission approved an annexation of approximately 156 acres for future industrial use.

City of Woodlake Municipal Service Review Update 1526

The Commission approved a MSR and statement of determinations for the City of Woodlake.

City of Woodlake Sphere of Influence Update

The Commission approved a SOI update that matches the City's Urban Development Boundary. This resulted in the net reduction of the SOI by 1,282 acres.

Amendment to Policy A-5

The Commission approved Amendment to Policy A-5 concerning legislative opinion letters and adoption of the CALAFCO legislative platform.

ESA 2016-02 (City of Porterville/East Porterville Group 1)

EO Giuliani informed the commission that he had approved ESA 2016-02 for the provision of domestic water to existing development for 18 parcels in East Porterville.

Leadership Counsel Letter to the City of Tulare

The Commission reviewed a letter sent by the Leadership Counsel to the City of Tulare on behalf of the Matheny Tract Committee regarding the provision of sewer service to Matheny Tract.

OCTOBER 2016

Designation of Voting Delegate and Alternate for the CALAFCO Business Meeting

The Commission designated Julie Allen as the voting delegate and Rudy Mendoza as the alternate for the CALAFCO Business Meeting.

Agriculture Report

EO Giuliani presented the 2016 Agriculture Report to the commission. This report included updated agriculture information from the 2015 Tulare County annual crop report along with information from other San Joaquin reports.

ESA 2016-03 (City of Porterville/East Porterville Group 2)

EO Giuliani informed the commission that on September 3, 2016, he had approved ESA 2016-03 for the provision of domestic water to existing development on 70 parcels in East Porterville.

CALAFCO Written Testimony to Little Hoover Commission

EO Giuliani informed commissioners about written testimony from CALAFCO given to the Little Hoover Commission regarding special districts, MSRs and related topics for a hearing held on August 25, 2016.

Leadership Counsel Letter to LAFCO

The Leadership Counsel presented a letter and spoke on behalf of the Matheny Tract Committee regarding the provision of sewer service.

LAFCO Activity Overview

Figure 1 (City Annexations Map)

During the calendar year 2016 Tulare County LAFCO approved 3 city annexations.

Figure 2 (District Annexations Map)

During the calendar year 2016 Tulare County LAFCO approved 2 district annexations.

Figures 3-10 (City Maps)

Individual maps of the County's (8) incorporated cities.

Tables 1 (Cities) and Table 2 (Special Districts)

These tables correspond to Figure 1 and Figure 2. The tables summarize city and special district growth in terms of total acreage and square mileage over the period 1/1/1980 to 1/1/2017. Cities and special districts that annexed or detached territory into their jurisdictional boundaries during 2016 are highlighted in blue, while cities and districts that simply extended services to an area outside of their jurisdictional boundaries through an Extraterritorial Service Agreement (ESA) are highlighted in green.

Note: Only districts that provide an urban level of service appear on Table 2. Growth of these districts, in terms of acreage and square mileage, is a dependable indicator of pressure on open space and agricultural land as well as demand for urban services and space. There were 3 extraterritorial service agreements approved in 2016. All of these were extended by the City of Porterville.

The County's four most populace cities experienced the largest total acreage increase and highest square mileage growth rate from 1/1/1980 to 1/1/2017. The special districts listed have experienced little growth over the last 35 years. Ten special districts: Kern-Tulare Irrigation District, Earlimart PUD, Ivanhoe PUD, Poplar PUD, Ivanhoe Irrigation District, Lindmore Irrigation District, Pixley Irrigation District, Lower Tule River Irrigation District, Stone Corral ID and Orosi PUD have annexed or detached territory, one district, Alpaugh CSD has been formed and one district, Tulare County Waterworks District #1 has been dissolved over the last 5 years. Generally, Tulare County special districts lack the financial resources and adequate infrastructure to support additional growth of any type. Table 2 indicates that districts containing the most populated unincorporated communities within their jurisdictional boundaries have experienced the

largest gain in total acreage and largest percentage increase in square mileage area; however, most of that growth occurred from 1980 to 2000.

Table 3

Table 3 corresponds with Figure 1. The table provides the total amount of acreage annexed each year and further divides the total into developed acres, undeveloped acres and road right-of-way (ROW) in terms of acres. The total amount of proposals considered by the Commission each year is also provided, as well as annexation proposals 300 ac in size or larger. In 2016 no single annexations occurred that were 300 acres or larger.

Table 4

Table 4 corresponds to Figure 11. The table shows the loss of prime agricultural soils from 1/1/1980 to 1/1/2017, both in terms of total acreage and percentage of square mileage. The table also contains a pie chart illustrating the proportion each soil class represents of all soil within Tulare County.

Table 5

For each of the last eight years (2008-2016), this table shows total acreage annexed each year, the amount of acres pre-zoned residential, commercial, industrial, and institutional, and the percentage of the total acres annexed each land-use category represents.

Residential

As the figures indicate, at the height of the housing bubble in 2006 annexations intended to accommodate residential development accounted for almost 75% of all acres annexed.

In 2016, two annexations for a total of 68.3 acres occurred for the purpose of residential development. These comprised for just over 30% of the acres annexed in 2016.

Commercial

Commercial annexations saw modest spikes in 2007 (47% of total). Total commercial acres annexed between 2007 and 2015 were minimal with 77% of total commercial acreage annexed in 2007. In 2016 no annexations occurred in this category.

Industrial

2007 and 2011 experienced spikes in industrial annexations; however, these were the result of a single annexation in each year. In 2016, we see a similar situation with 1 industrial annexation of 156 acres accounting for almost 70% of the total area annexed.

Institutional

This type of use includes sites slated for the development of parks, accommodation of city municipal service facilities, road improvements or construction, etc. Annexation rates for this type of use remained steady between 2006 and 2010. In 2016 no annexations occurred in this category.

Figure 11 (Prime Agricultural Soils)

This map shows the five classes of soils identified by the USDA Soil Survey of Tulare County and their location throughout the County. Class 1 and 2 are identified as prime agricultural soils, all other classes are considered non-prime. Visalia and Tulare, the county's fastest growing cities in terms of total acreage annexed, are predominately surrounded by Class 1 and 2 soils. This indicates that a large portion of prime agricultural land will inevitably be converted to urban uses.

Figure 12 (Williamson Act Land)

In order for land to be considered prime agricultural land, it must meet one of five requirements listed under GC 56064; a USDA 1 or 2 soil classification is listed as a requirement. While land under Williamson Act contract isn't specifically defined as prime under Code, it can be an indicator of the presence of other qualifications for prime land. Also, the locations of contracts with notices of non-renewal may indicate future growth pressure in the area.

Figure 13 (Lands Owned by Government Entities)

This map identifies lands owned by the federal, state, county, city, district (all types of districts including special districts and school districts) governments. The map also includes land under trust for the purpose of open-space conservancy.

Figure 14 (Dairy Land)

Dairy land would qualify as prime under the economic qualifications outlined in GC 56064 (e). The location of dairy land may also show restrictions to future city/district growth.

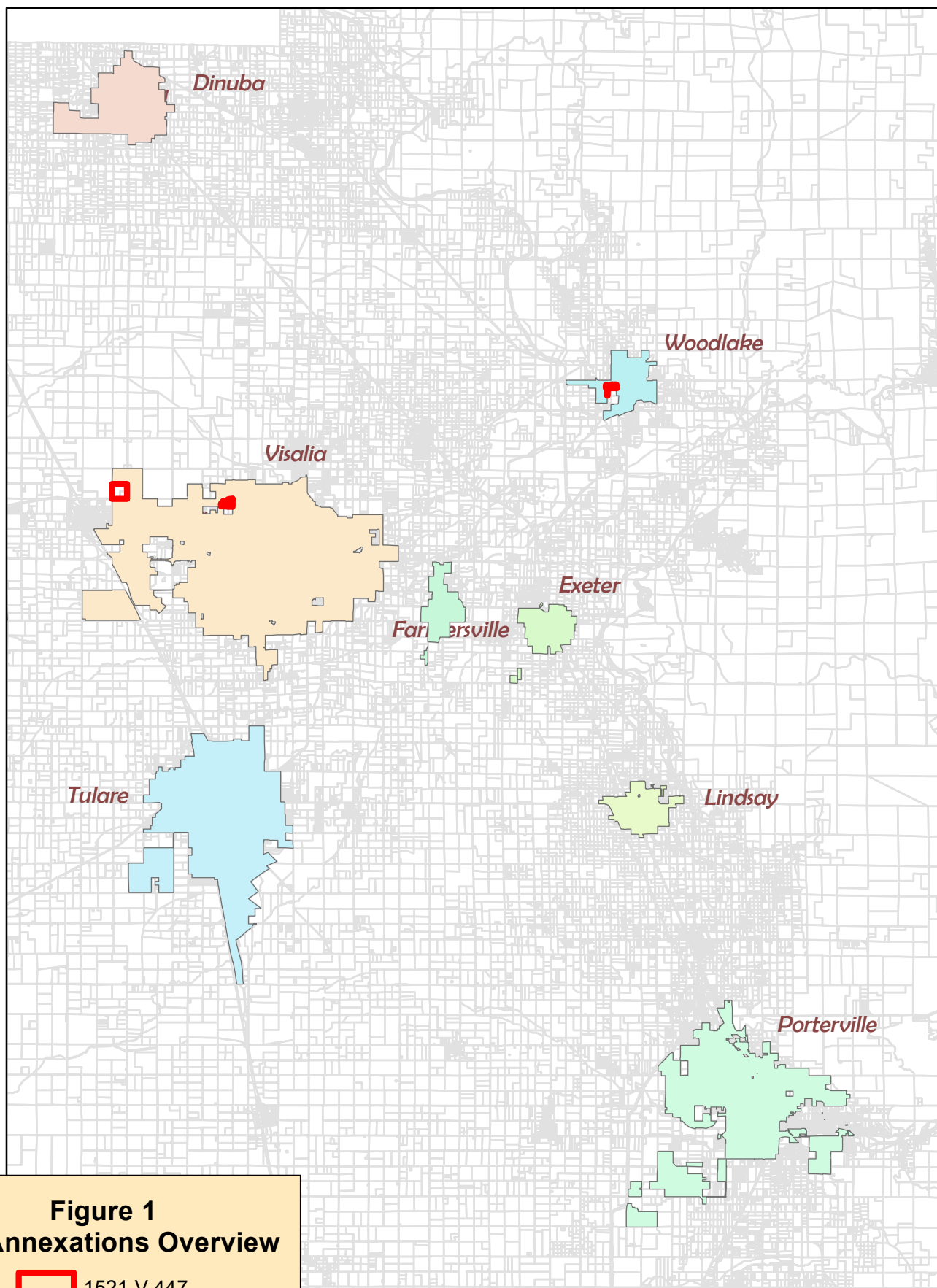


Figure 1
City Annexations Overview

- 1521-V-447
- 1525-V-448
- 1523-W-22

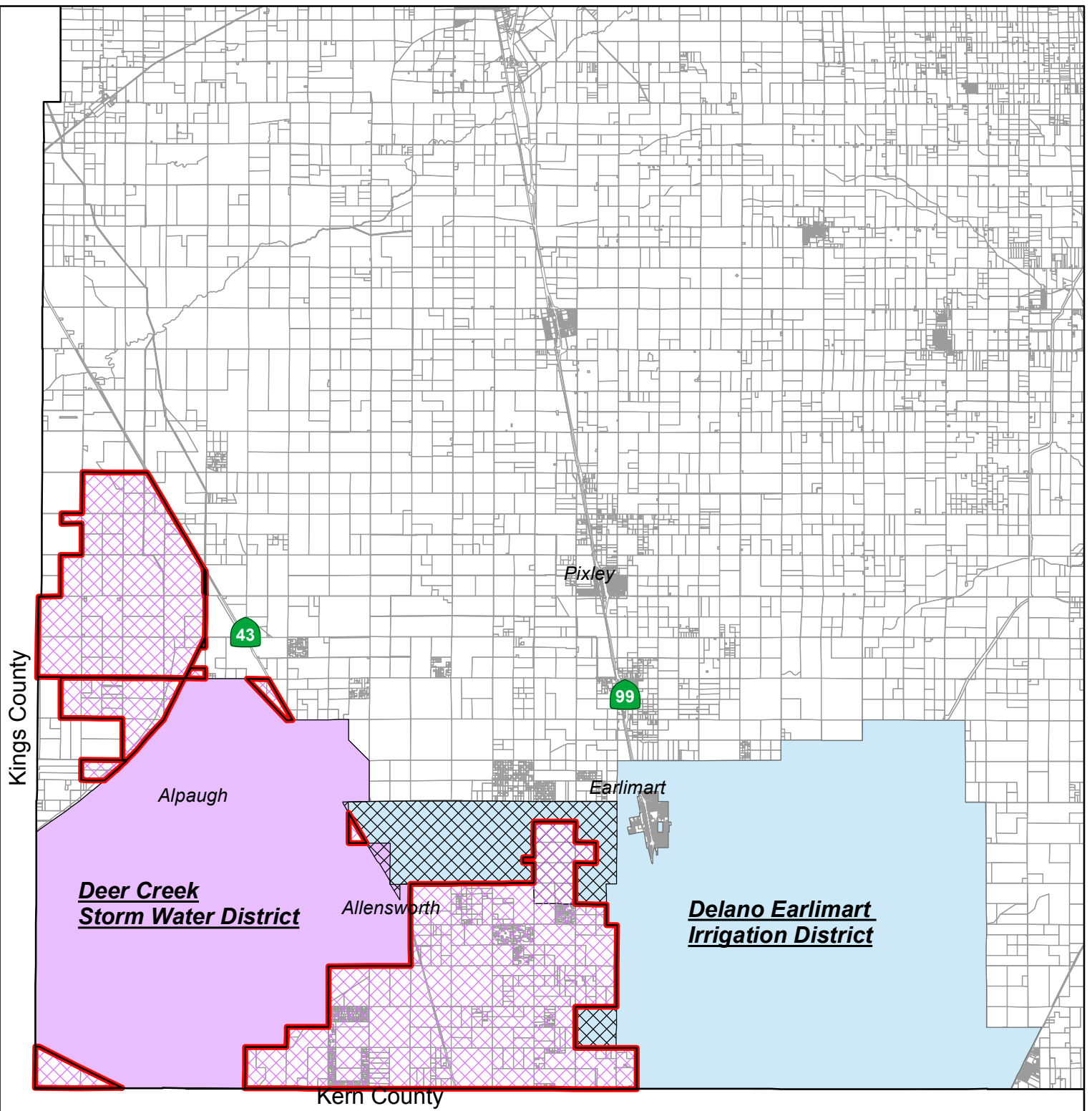
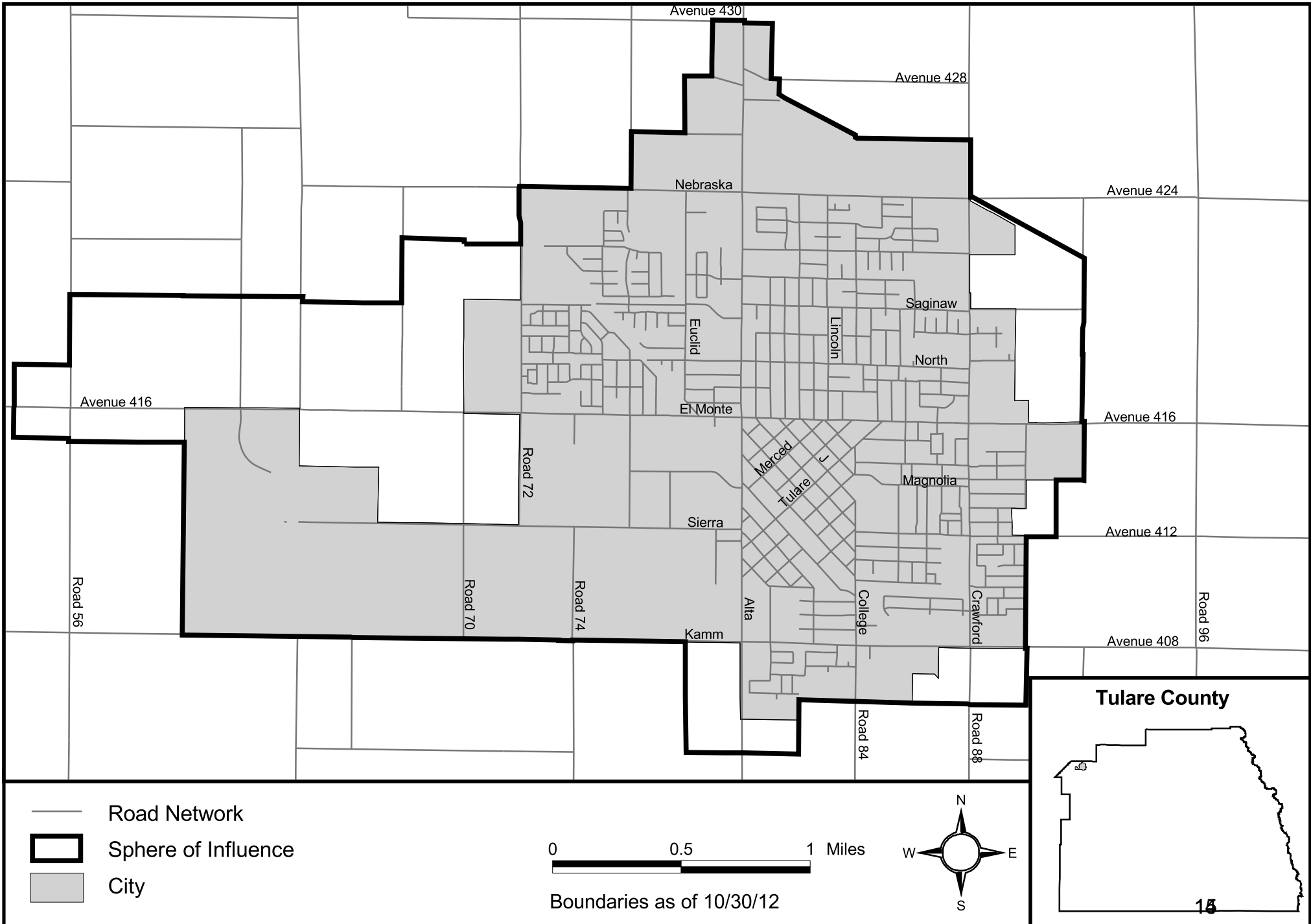


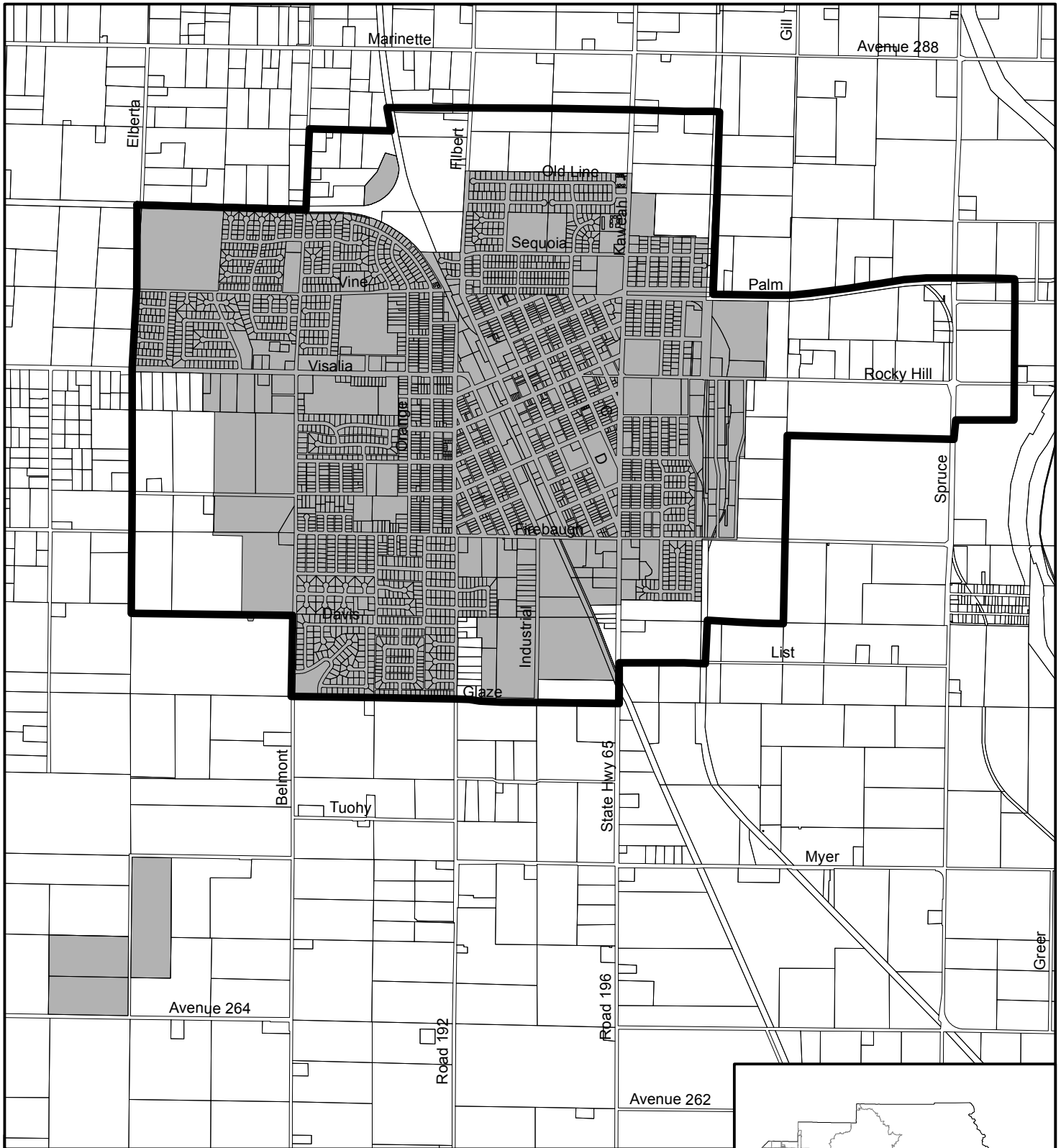
Figure 2 District Activity Overview

- Deer Creek SWD
- Deer Creek SWD Annexation
- Delano Earlimart ID
- Delano Earlimart ID Annexation
- Parcels


City of Dinuba



City of Exeter



Boundaries as of 6/30/12

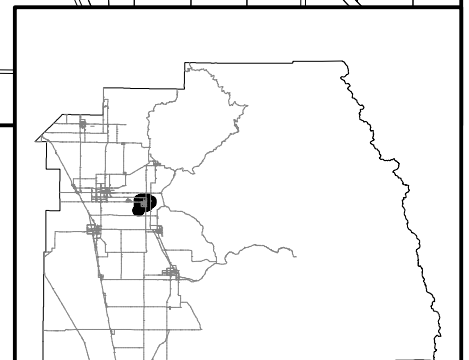
 Sphere of Influence

 City

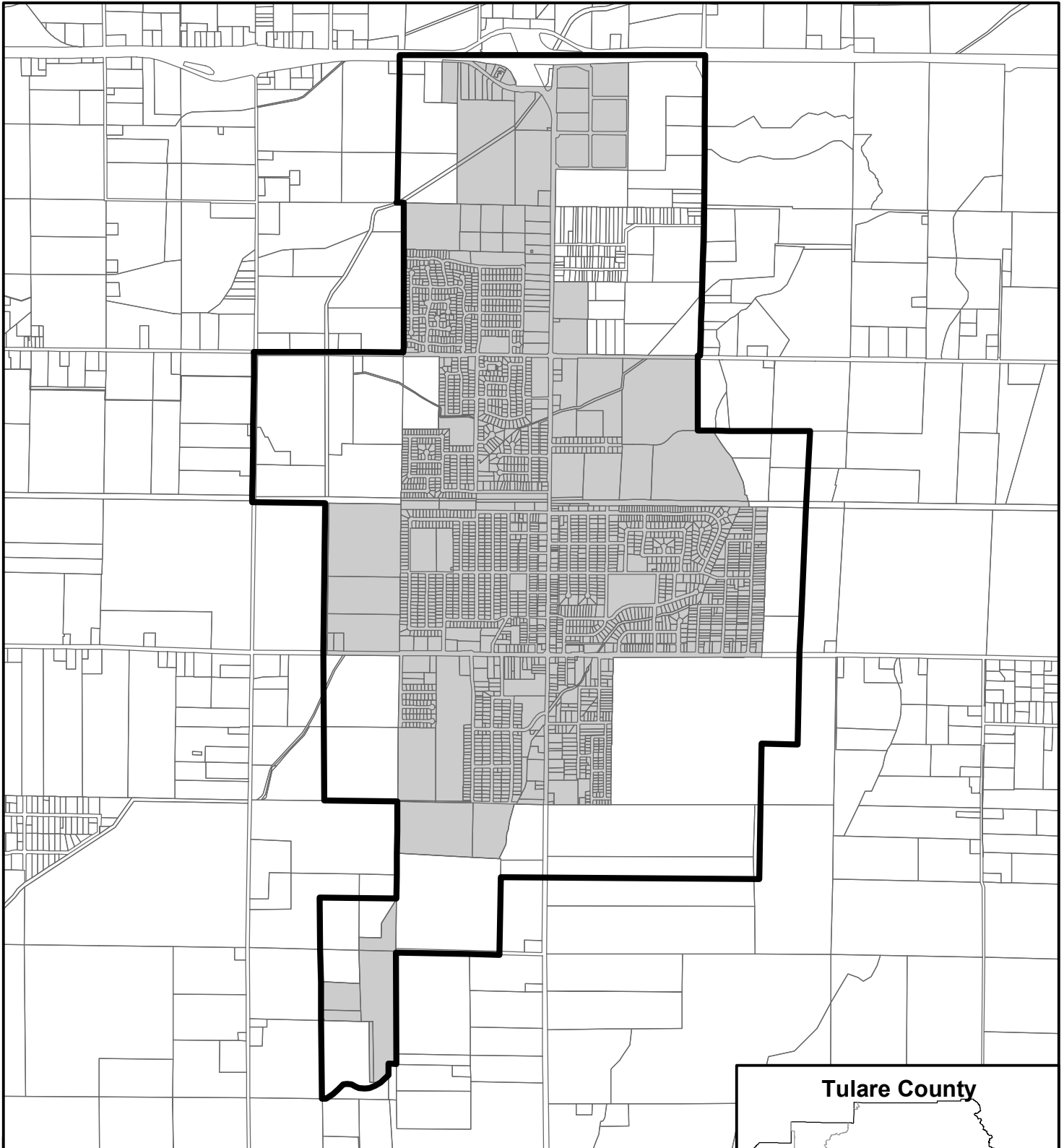
 Parcels






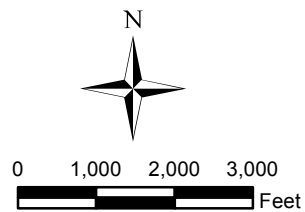
0 1,500 3,000
Feet



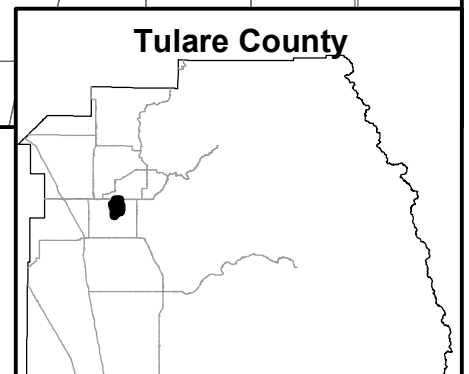
City of Farmersville



-  Sphere of Influence
-  Parcels
-  City of Farmersville

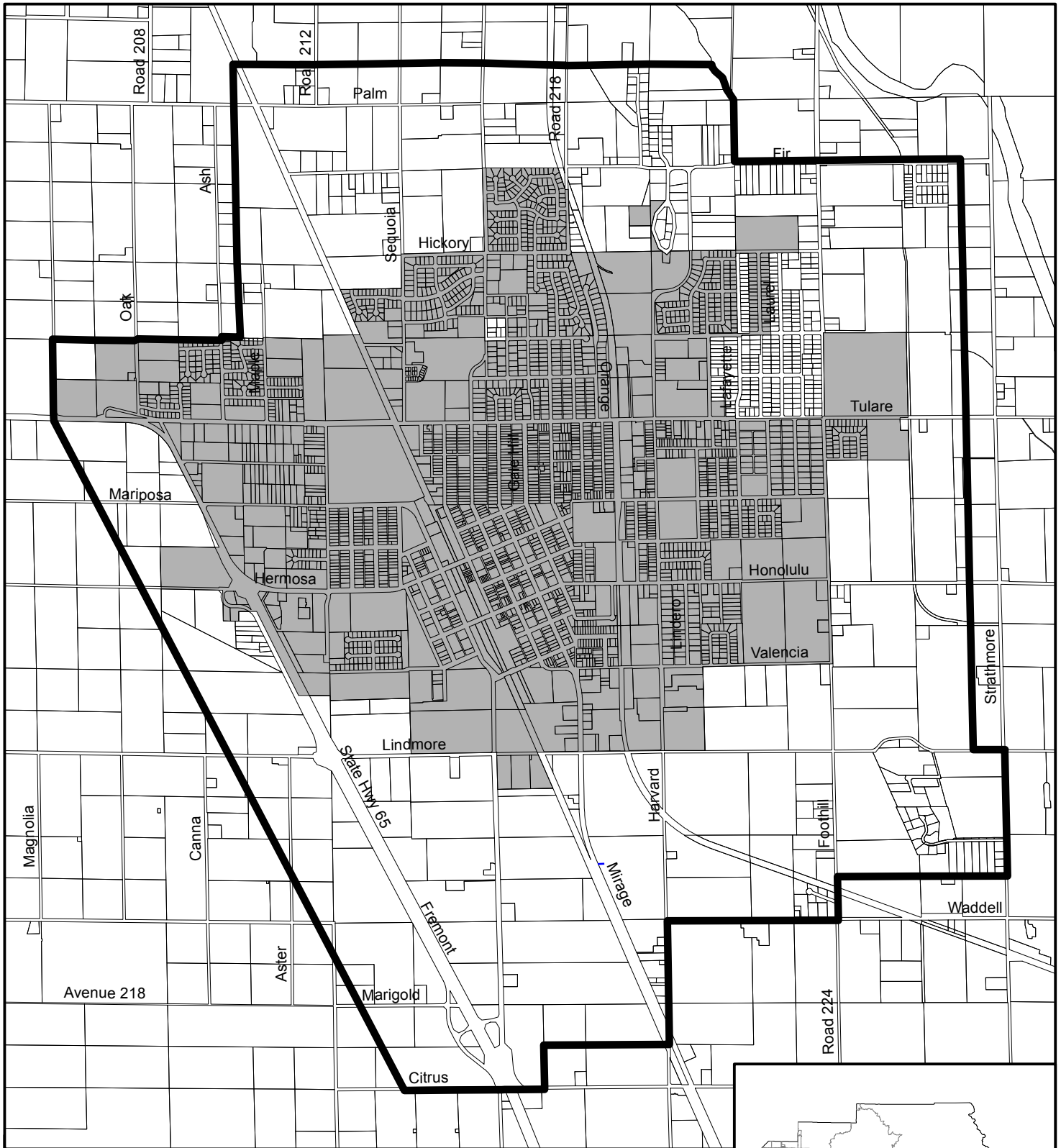


Boundaries as of 12/1/16






Created by Tulare County LAFCO

City of Lindsay

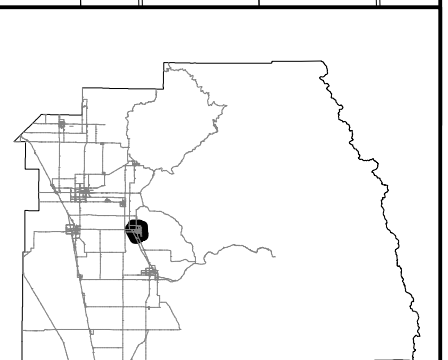


Boundaries as of 6/30/12

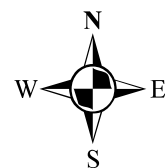
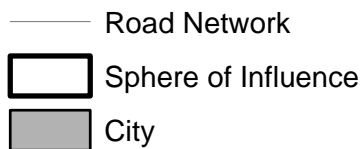
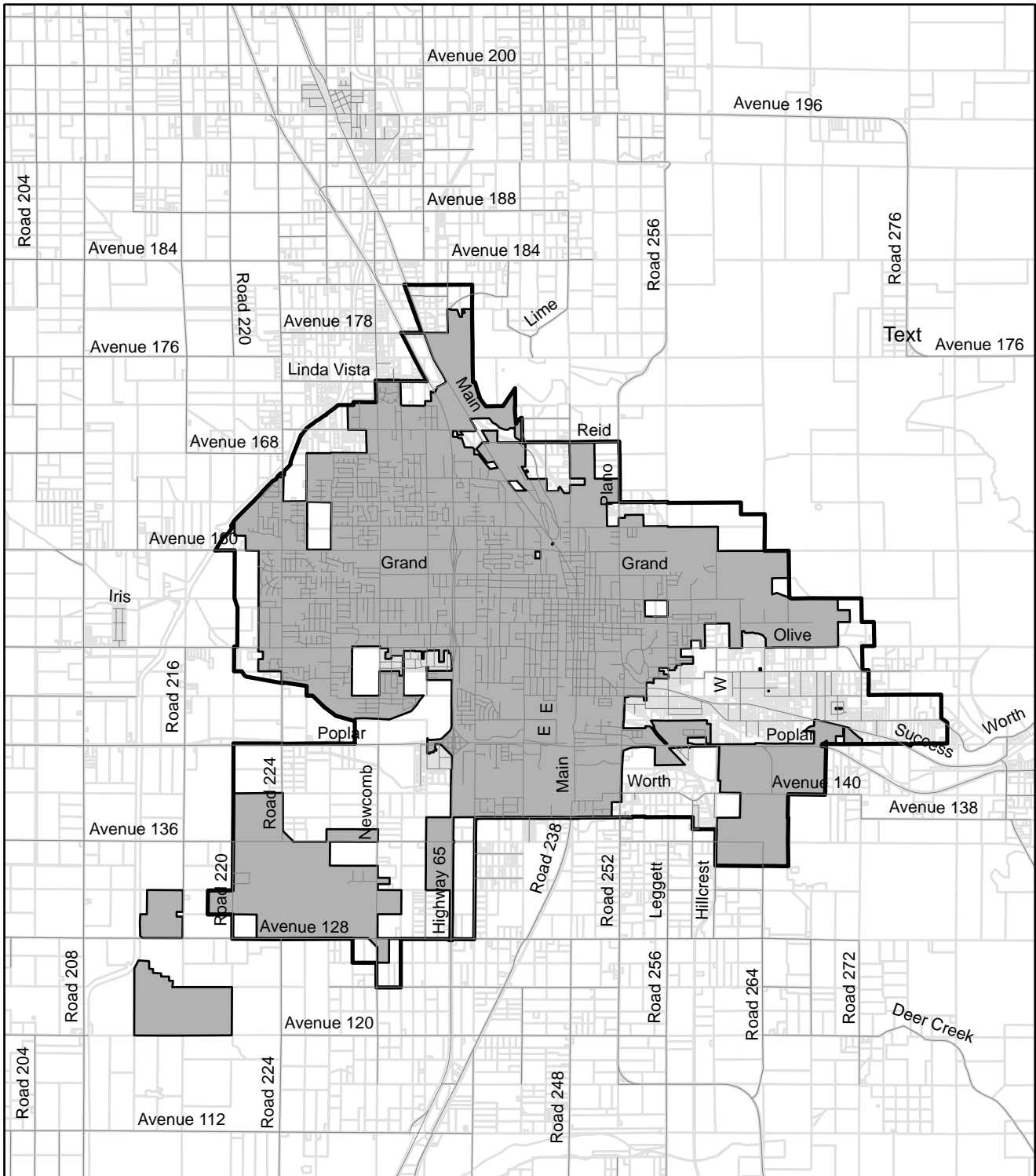
-  Sphere of Influence
-  City
-  Parcels



0 1,500 3,000
Feet

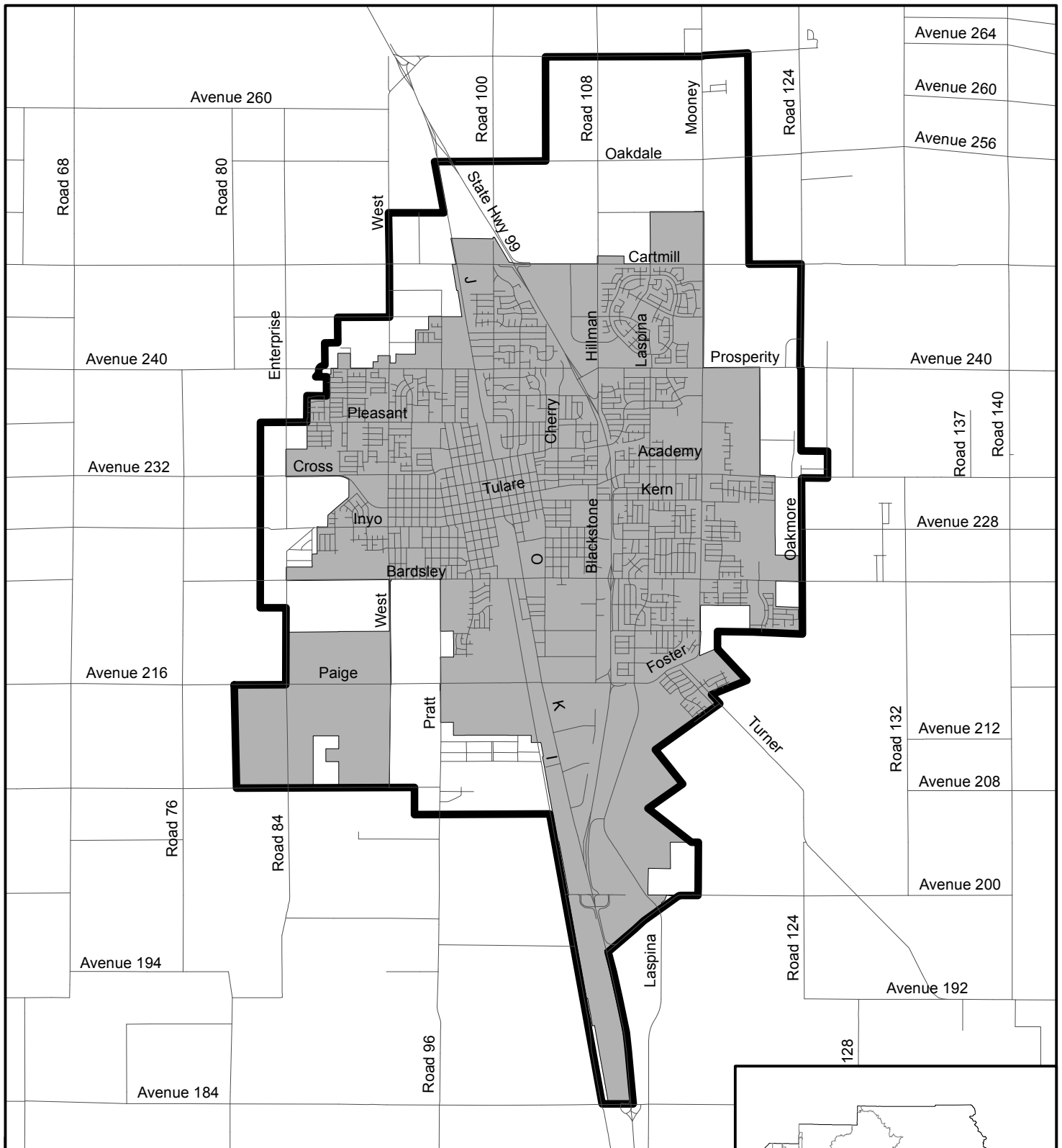


City of Porterville



1 0.5 0 1 2 3
Boundaries as of 1/1/2016 Miles

City of Tulare



Boundaries as of 6/30/12



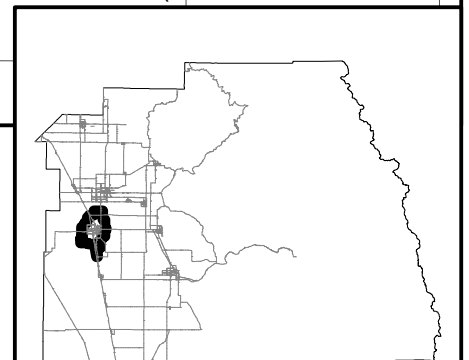
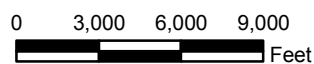
City



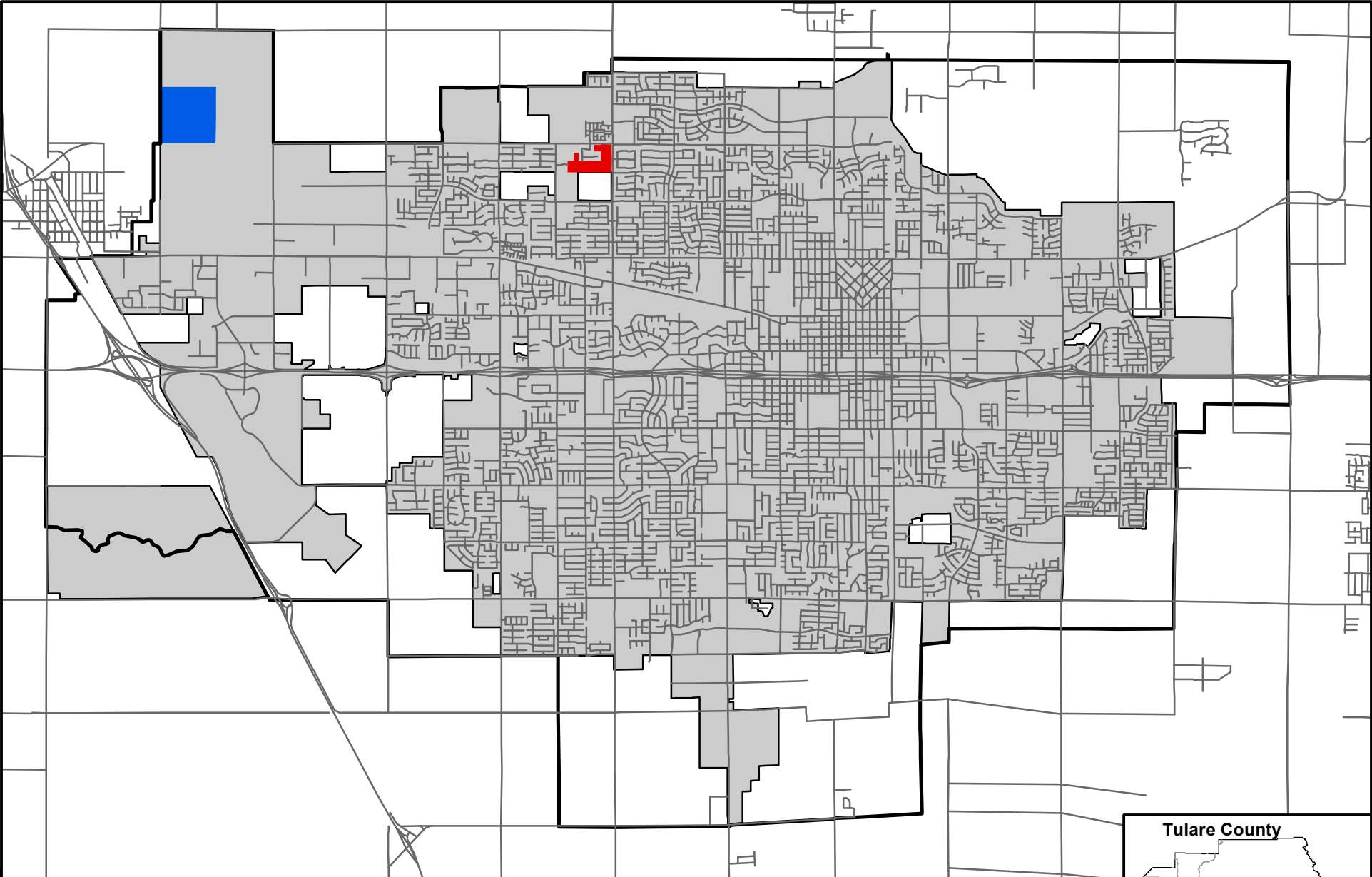
Sphere of Influence



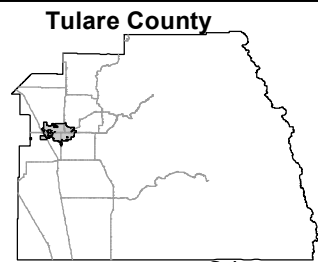
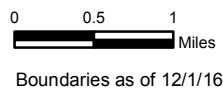
Streets



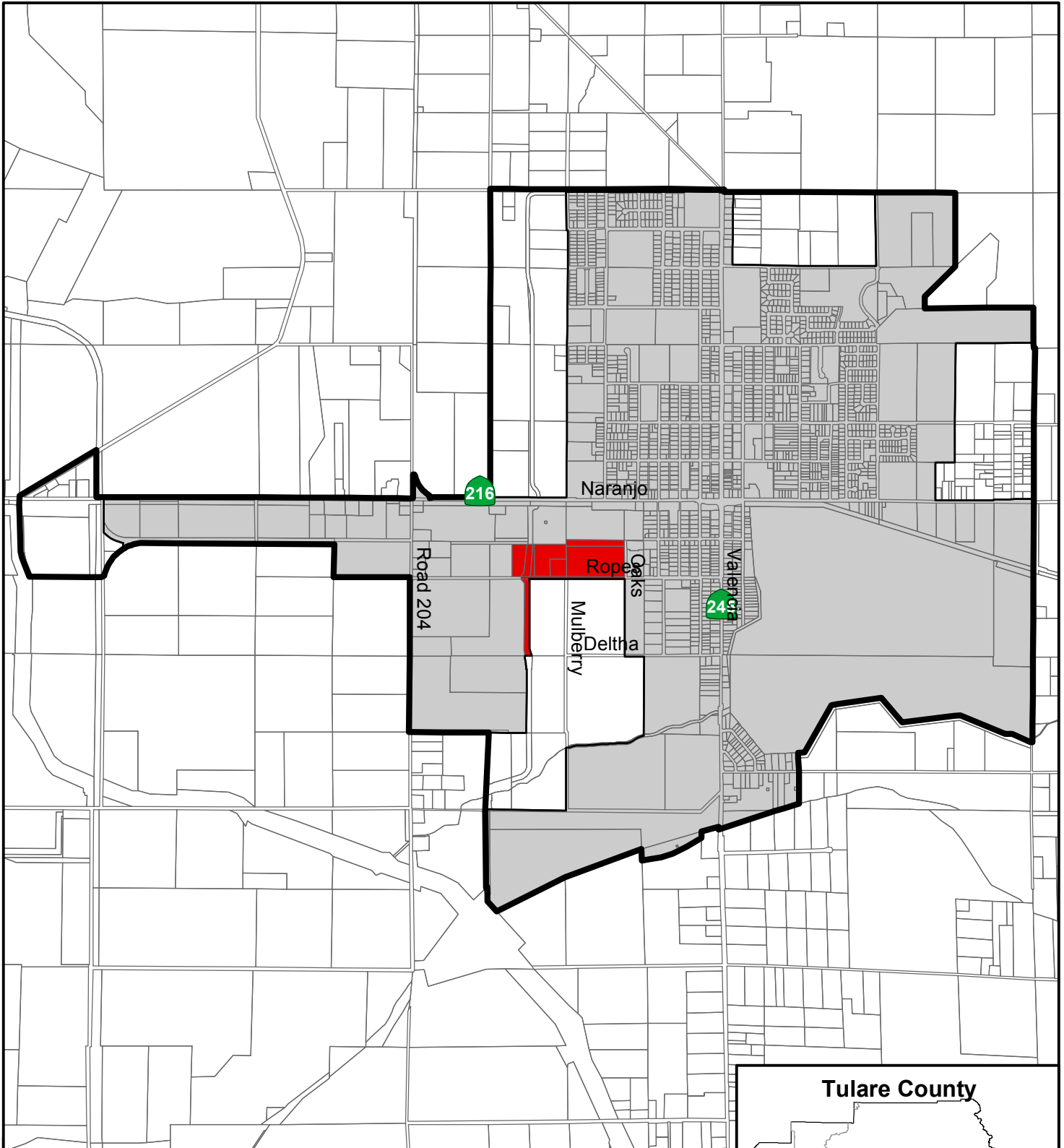
City of Visalia







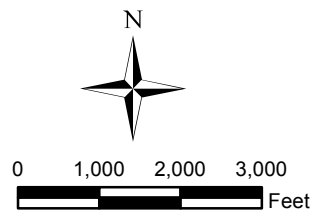
- Case 1521-V-447
- Case 1525-V-448
- City of Visalia
- Sphere of Influence



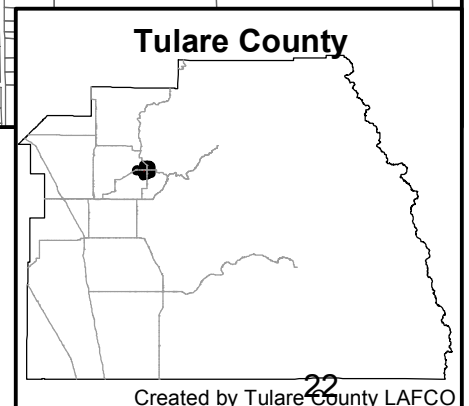
City of Woodlake



-  Sphere of Influence
-  Parcels
-  Case 1523-W-22
-  City of Woodlake

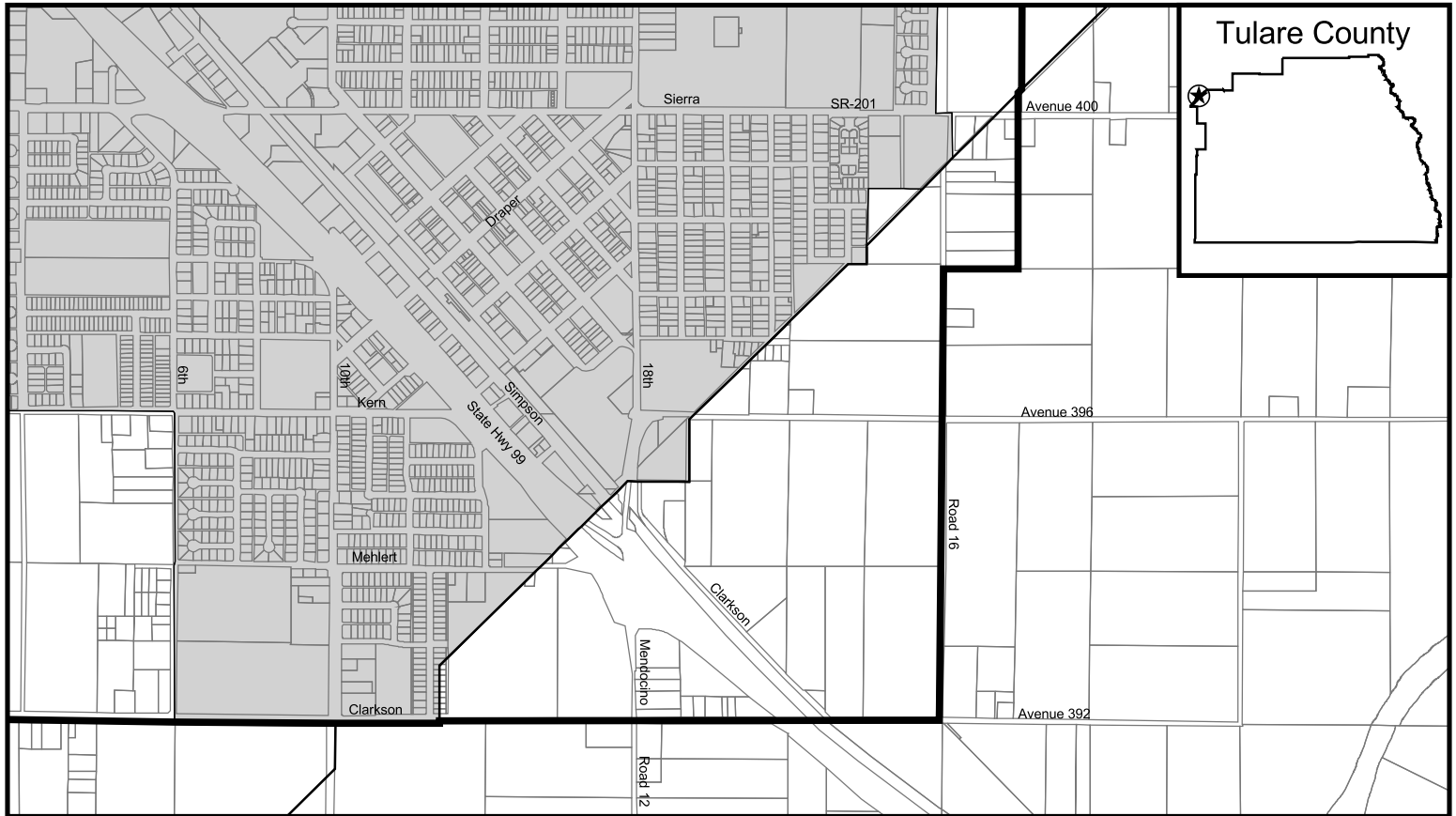


Boundaries as of 12/1/16

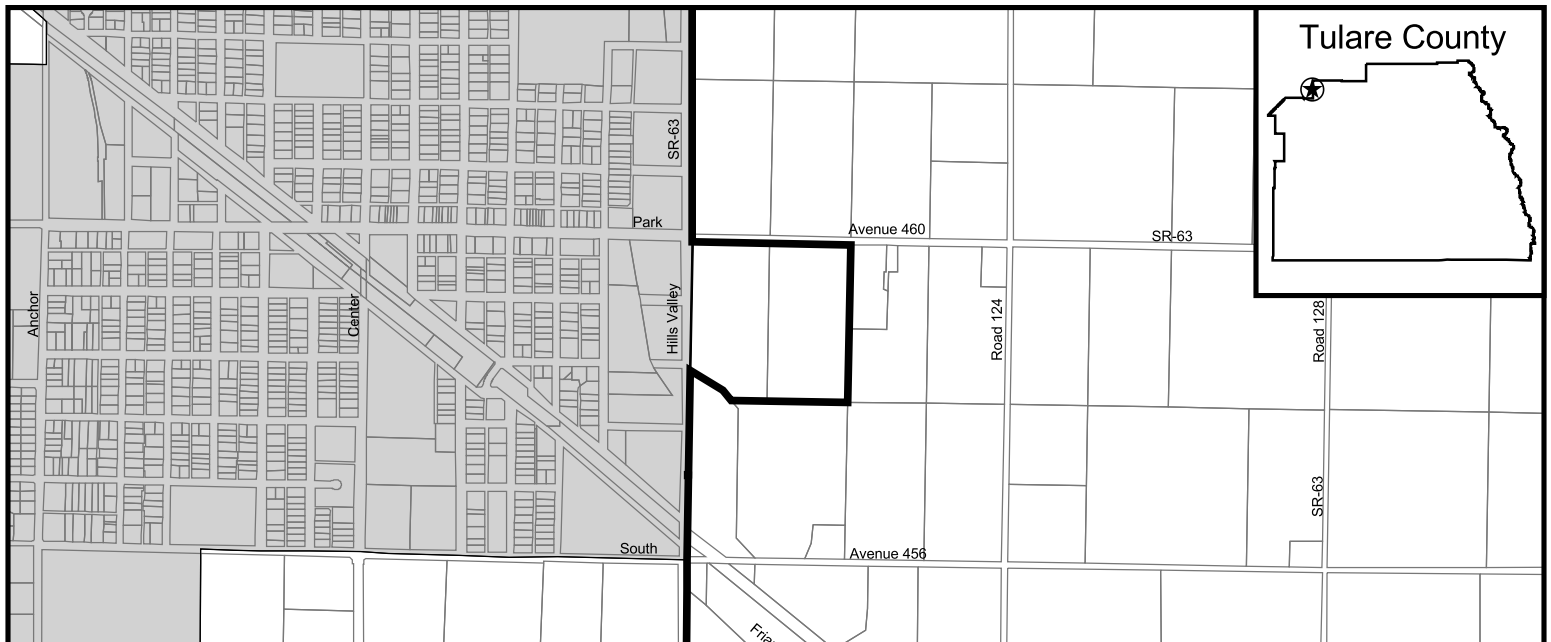


Created by Tulare County LAFCO

City of Kingsburg



City of Orange Cove



-  Parcels
-  Sphere of Influence
-  County
-  City

0 0.25 0.5 Miles

Boundaries as of 10/30/12

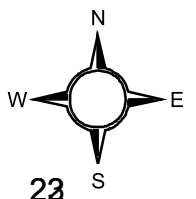


Table 1 - City Area Increase 1980 to 2016

	1/1/1980 Acres	1/1/2017 Acres	Annexed Acres	1/1/1980 Sq. Miles	1/1/2017 Sq. Miles	Annexed Sq. Miles	% Increase
Dinuba	1,429.4	3,719.3	2,289.9	2.2	5.8	3.6	160.2
Exeter	1,168.2	1,568.0	399.8	1.8	2.4	0.6	34.2
Farmersville	935.5	1,360.5	425.0	1.5	2.1	0.7	45.4
Lindsay	1,370.5	1,737.8	367.3	2.1	2.7	0.6	26.8
Porterville	6,429.9	11,398.1	4,968.2	10.0	17.8	7.8	77.3
Tulare	7,106.4	13,222.0	6,115.6	11.1	20.7	9.6	86.1
Visalia	13,253.4	23,769.3	10,515.9	20.7	37.1	16.4	79.3
Woodlake	925.0	1,848.3	923.3	1.4	2.9	1.4	99.8
CITY TOTAL	32,618.2	58,623.3	26,005.1	51.0	91.6	40.6	79.7

Porterville had 3 ESAs in 2016

Table 2 - Urban District Area Increase 1980 to 2016

	1/1/1980 Acres	1/1/2015 Acres	Annexed Acres	1/1/1980 Sq. Miles	1/1/2015 Sq. Miles	Annexed Sq. Miles	% Increase
Allensworth CSD	783.1	783.1	0.0	1.2	1.2	0.0	0.0
AV/SC CSD	985.3	985.3	0.0	1.5	1.5	0.0	0.0
Cutler PUD	581.5	665.1	83.6	0.9	1.0	0.1	14.4
Ducor CSD	263.3	263.3	0.0	0.4	0.4	0.0	0.0
Earlimart PUD	816.8	972.4	155.5	1.3	1.5	0.2	19.0
East Orosi CSD	52.9	52.9	0.0	0.1	0.1	0.0	0.0
Goshen CSD	514.5	1,144.8	630.3	0.8	1.8	1.0	122.5
Ivanhoe PUD	594.8	626.9	32.1	0.9	1.0	0.1	5.4
Lemon Cove SD	21.3	24.0	2.8	0.0	0.0	0.0	13.0
London CSD	189.7	189.7	0.0	0.3	0.3	0.0	0.0
Orosi PUD*	717.0	887.7	170.7	1.1	1.4	0.3	23.8
Patterson Tract CSD	77.9	77.9	0.0	0.1	0.1	0.0	0.0
Pixley PUD	633.7	888.9	255.2	1.0	1.4	0.4	40.3
Ponderosa CSD	251.6	251.6	0.0	0.4	0.4	0.0	0.0
Poplar CSD	215.1	418.1	203.0	0.3	0.7	0.3	94.4
Porter Vista PUD	1,742.8	1,742.8	0.0	2.7	2.7	0.0	0.0
Richgrove CSD	263.4	361.9	98.5	0.4	0.6	0.2	37.4
Springville PUD	303.7	308.8	5.1	0.5	0.5	0.0	1.7
Strathmore PUD	398.0	417.6	19.7	0.6	0.7	0.0	4.9
Sultana CSD	317.3	317.3	0.0	0.5	0.5	0.0	0.0
Terra Bella SMD	165.1	169.6	4.6	0.3	0.3	0.0	2.8
Teviston CSD	191.5	191.5	0.0	0.3	0.3	0.0	0.0
Three Rivers CSD	5,253.4	5,253.4	0.0	8.2	8.2	0.0	0.0
Tipton CSD	673.0	683.3	10.3	1.1	1.1	0.0	1.5
Tract 92 CSD	73.4	73.4	0.0	0.1	0.1	0.0	0.0
Woodville PUD	319.2	336.3	17.0	0.5	0.5	0.0	5.3
DISTRICT TOTAL	16,399.2	18,087.8	1,688.5	25.6	28.3	2.6	10.3

Table 3 - / City/Urban District Annexations Per Year

Year	Total	Undeveloped	Developed	ROW	Projects	Annexations of over 300 acres:
1980	971.41	577.11	296.20	98.11	30	
1981	1,024.37	952.35	16.03	55.99	16	736ac to Tulare for Farm Show and surrounding area
1982	723.59	295.12	413.75	14.72	13	380ac to Woodlake for Bravo Lake
1983	114.50	68.49	27.88	18.13	6	
1984	56.85	47.56	2.21	7.08	9	
1985	94.92	94.92	0.00	0.00	8	
1986	787.14	578.43	157.42	51.30	17	337ac to Visalia for Green Acres Airport and surrounding area
1987	789.94	676.74	66.51	46.68	22	
1988	514.89	408.69	36.40	69.79	15	
1989	1,397.36	1,219.34	76.61	101.42	24	
1990	1,666.24	927.22	647.25	91.77	25	622ac to Tulare (Lagomarsino) and 323ac to Visalia (industrial uses)
1991	997.20	897.60	18.99	80.61	24	
1992	1,806.90	1,708.49	12.18	86.23	29	
1993	643.94	510.00	92.97	40.97	14	
1994	570.06	490.56	46.98	32.52	9	
1995	1,022.06	946.69	5.07	70.31	21	432ac to Goshen CSD for primarily industrial uses
1996	393.09	331.75	14.70	46.65	9	
1997	491.72	467.22	8.23	16.27	14	
1998	363.31	326.23	1.49	35.59	11	
1999	314.13	293.70	1.53	18.89	7	
2000	102.99	0.00	99.93	3.06	6	
2001	819.22	764.18	1.45	53.59	5	702ac to Visalia for Shannon Ranch
2002	1,368.78	1,292.33	27.50	48.95	11	472ac to Visalia (IOH/Luisi) and 384ac to Dinuba (northwest residential)
2003	1,390.80	1,361.98	4.80	24.02	16	935ac to Visalia for wastewater irrigation
2004	1,448.00	1,362.61	34.30	51.09	22	
2005	2,680.64	1,726.33	756.22	198.10	43	
2006	2,042.20	1,293.00	560.00	189.00	33	534 to Dinuba for reclamation/golf course
2007	1,682.72	851.42	831.30	1.80	20	707 to P-ville city uses and 460 to Visalia for Industrial Park Expansion
2008	139.54	63.23	76.31		3	
2009	236.52	63.96	172.83		5	
2010	1,104.52	513.52	28.96	13.00	9	461 Tulare South I Street Annexation
2011	113.89	40.00	73.89	0.00	2	
2012	38.46	38.46	0.00	0.00	1	
2013	10.50	10.50	0.00	0.00	1	
2014	219.00	135.00	84.00	0.00	4	
2015	606.01	42.14	561.87	16.90	7	Porterville 4 island annexations totaling 455.90 acres
2016	224.30	201.40	13.70	9.20	3	
TOTAL	28,971.70	21,001.16	4,973.25	1,493.61	484	

Annexation Acreage per Year (Cities, CSDs, PUDs, SMDs)

—◆— Total land —■— Undeveloped

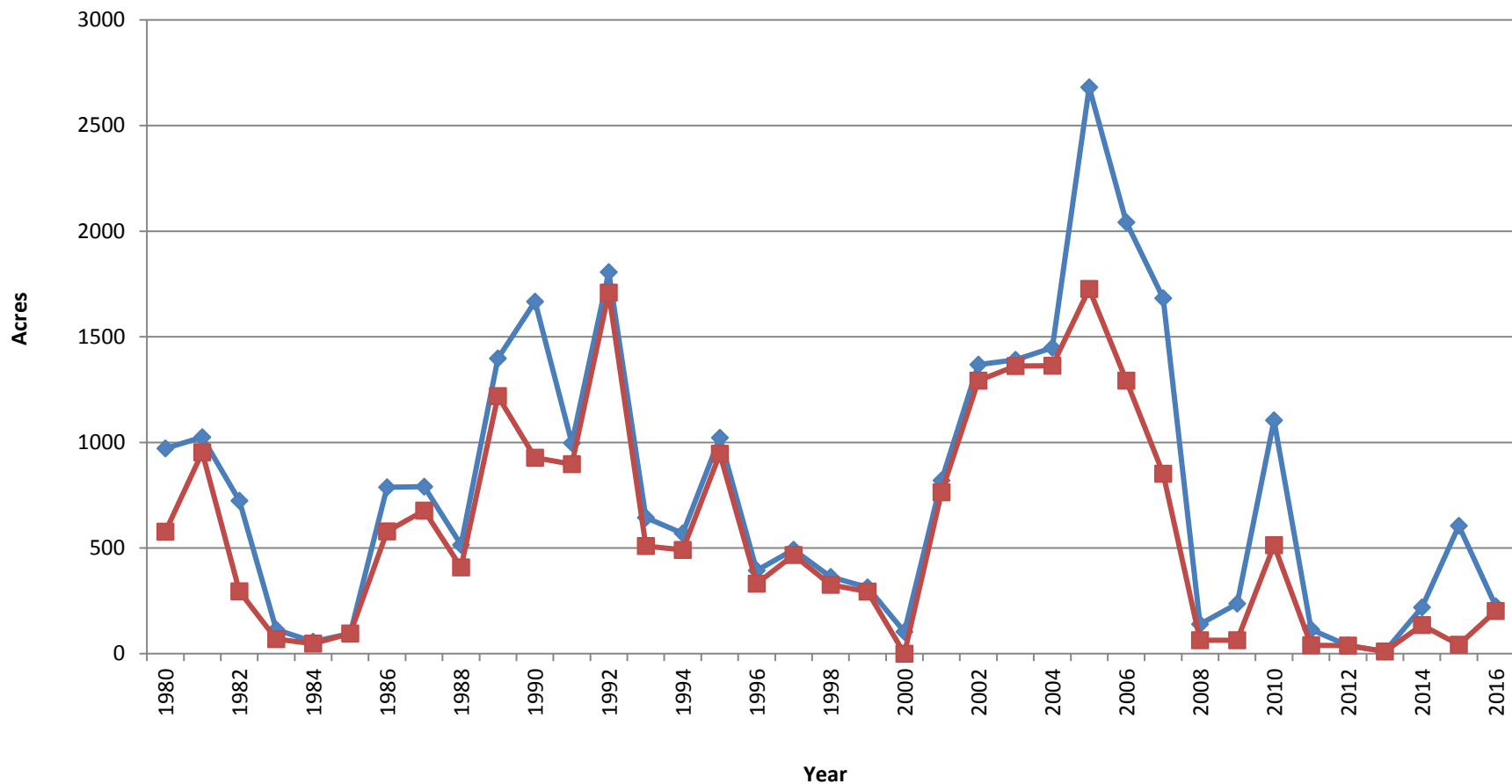


Table 4 - Annexations per Soil Type (USDA classifications) 1980 to 2016

	1/1/1980 Acres	1/1/2017 Acres	Annexed Acres	1/1/1980 Sq. Miles	1/1/2017 Sq. Miles	Annexed Sq. Miles	% Decrease
Class I	392,000.6	372,943.2	19,057.4	612.5	582.7	29.8	4.9
Class II	115,157.4	112,334.8	2,822.6	179.9	175.5	4.4	2.5
Non-Prime	596,052.7	591,875.2	4,177.5	931.3	924.8	6.5	0.7
Other	1,946,963.9	1,945,183.8	1,780.1	3,042.1	3,039.3	2.8	0.1
Cities/Districts	49,017.4	76,711.1	27,837.5	76.6	119.9	43.5	-56.8

Notes:

*The acreage and square mileage figures for soil types exclude areas inside City, PUD, CSD and SMD boundaries.

*Other smaller developed areas within the County are not taken into account.

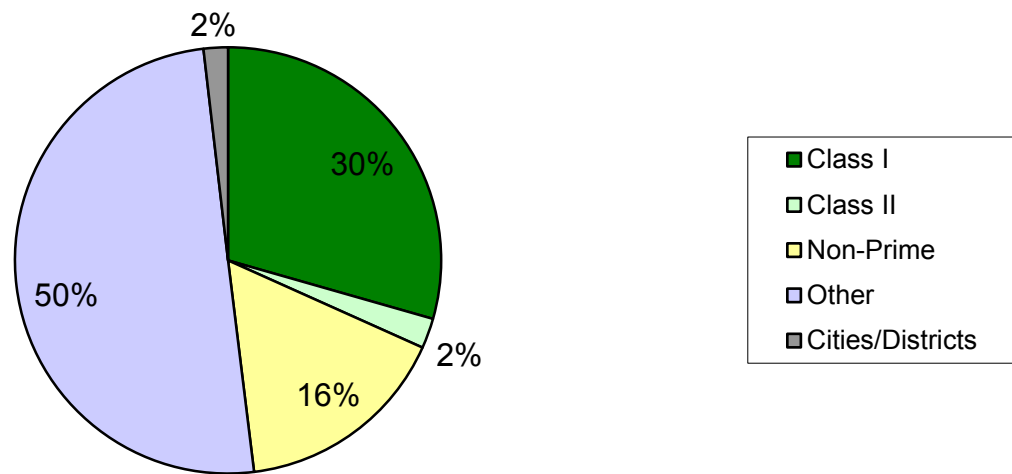
*Undeveloped versus developed annexations are not taken into account.

*While classified as Non-Prime by the USDA, much of the areas covered by these soils would qualify as Prime for LAFCO purposes (GC Section 56064).

*'Other' includes exposed rock, rocky soils and water. Mostly consisting of the foothill and mountain areas.

*'Cities/Districts' include districts that are subject to urban development - CSDs, PUDs, SMDs

Tulare County - USDA Soil Type



Government & Conservancy Owned Land

	Acres	Sq. Miles	% of County
Federal	1,573,312	2,458.3	50.77
State	16,576	25.9	0.53
County	5,248	8.2	0.17
City	9,024	14.1	0.29
Districts	22,336	34.9	0.72
Conservancy	2,240	3.5	0.07
Private	1,470,456	2,297.6	47.45
		4,842.5	100.00

Table 5

By Year

Year	Total Acres	Residential Ac.	% of Total	Commercial Ac.	% of Total	Industrial Ac.	% of Total	Institutional Ac.	% of Total
2006	2042.2	1483.6	72.6	52.4	2.6	0.0	0.0	505.3	24.7
2007	1682.7	452.9	26.9	398.0	23.7	771.0	45.8	368.0	21.9
2008	139.5	26.5	19.0	66.5	47.7	36.5	26.2	10.0	7.2
2009	1084.0	20.0	1.8	828.0	76.4	79.7	7.4	160.0	14.8
2010	1906.5	22.5	1.2	0.0	0.0	491.0	25.8	480.1	25.2
2011	113.9	0.3	0.3	0.0	0.0	113.6	99.7	0.0	0.0
2012	38.5	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
2013	10.5	0.0	0.0	10.5	100.0	0.0	0.0	0.0	0.0
2014	93.0	93.0	100.0	0.0	0.0	0.0	0.0	0.0	0.0
2015	606.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
2016	224.3	68.3	30.5	0.0	0.0	156	69.5	0.0	0.0

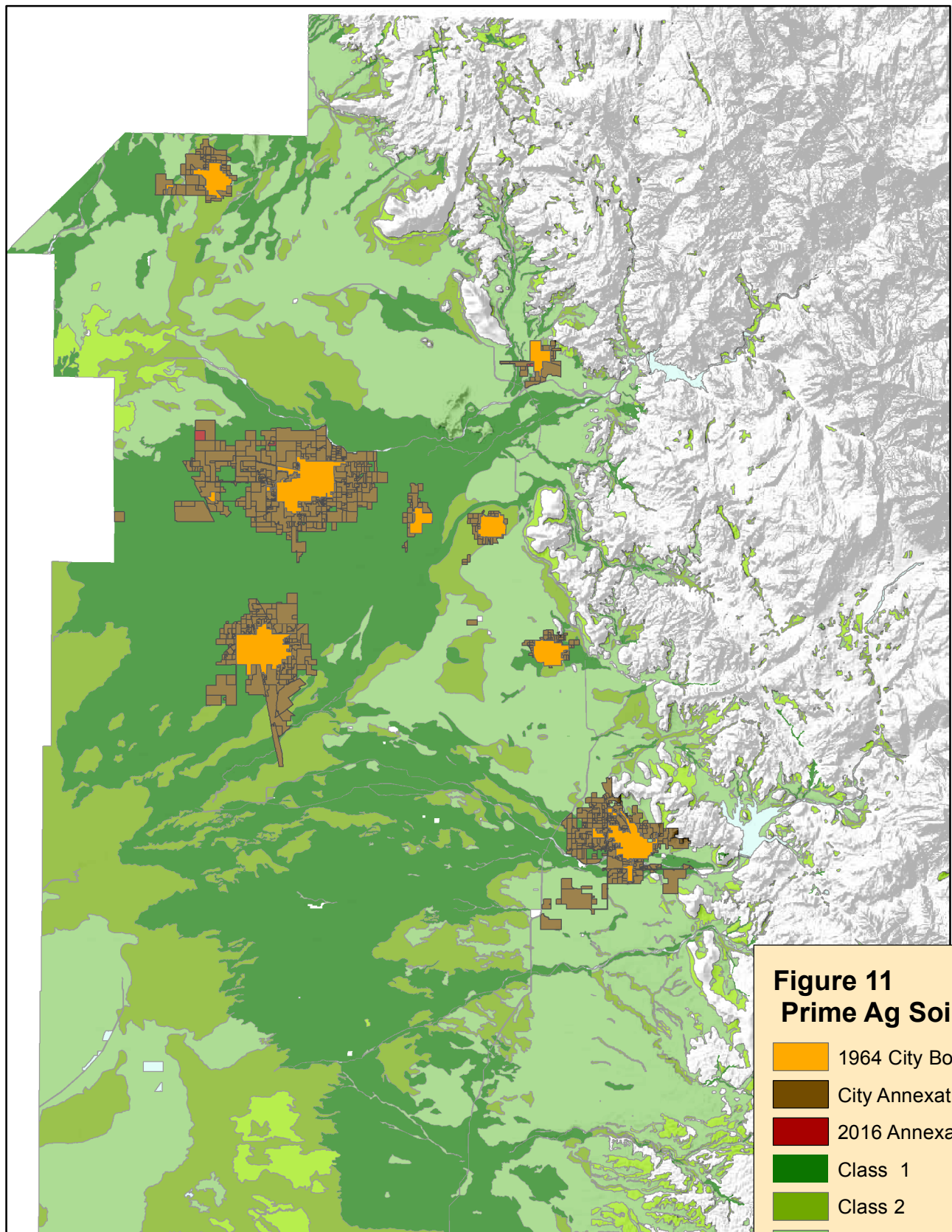










Figure 11
Prime Ag Soils

-  1964 City Boundaries
-  City Annexations
-  2016 Annexations
-  Class 1
-  Class 2
-  Class 3
-  Class 4
-  Water

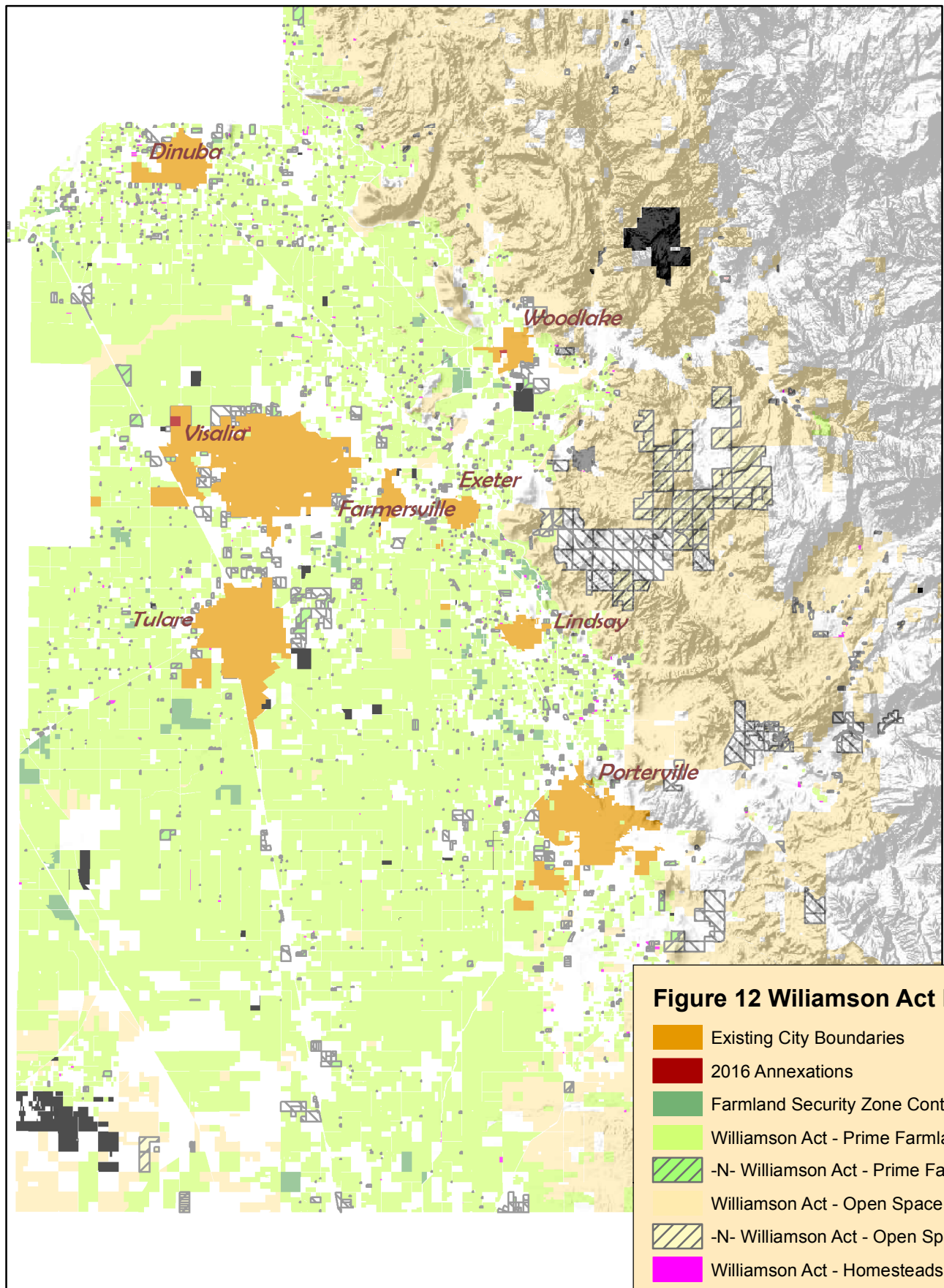
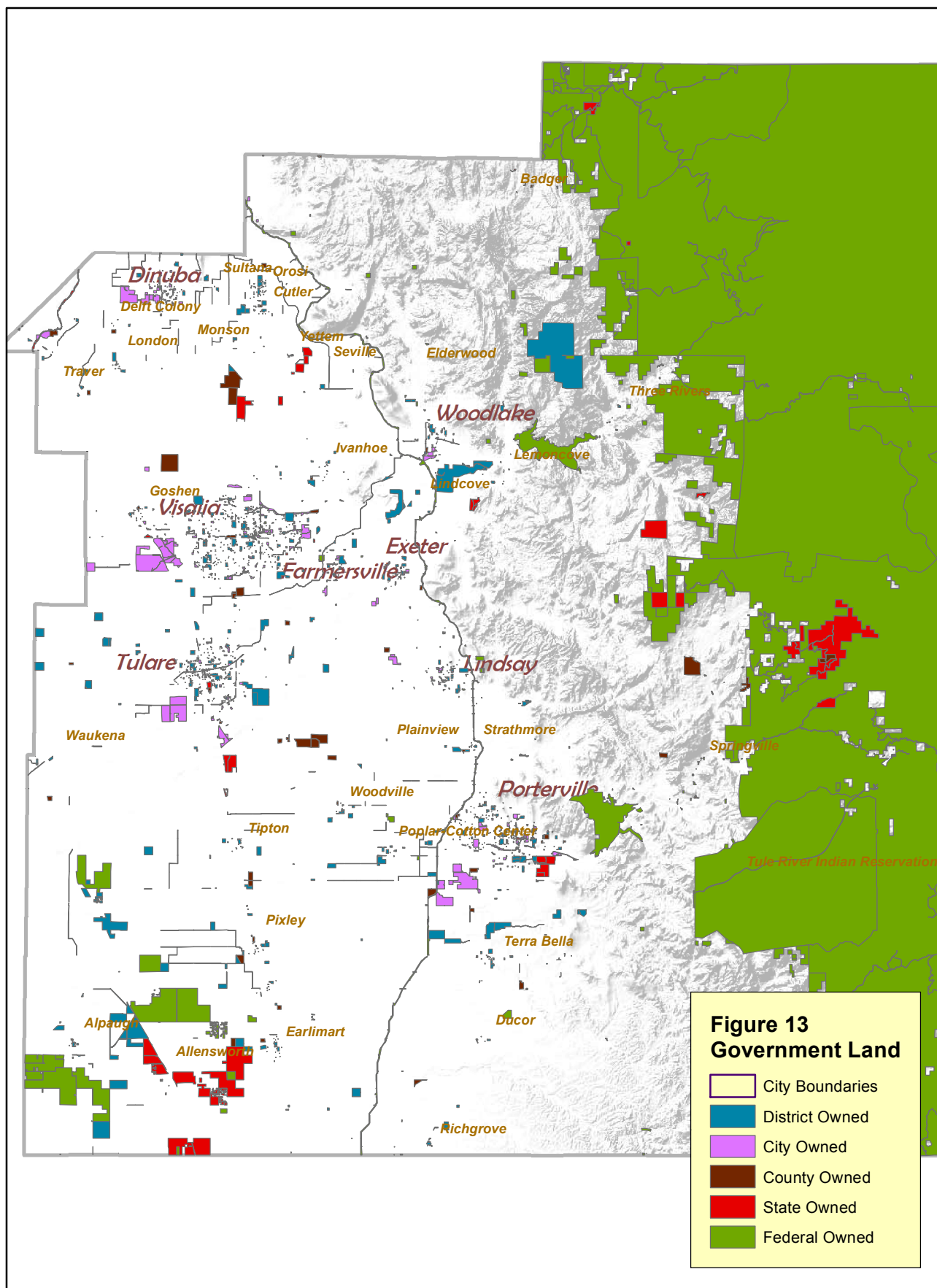
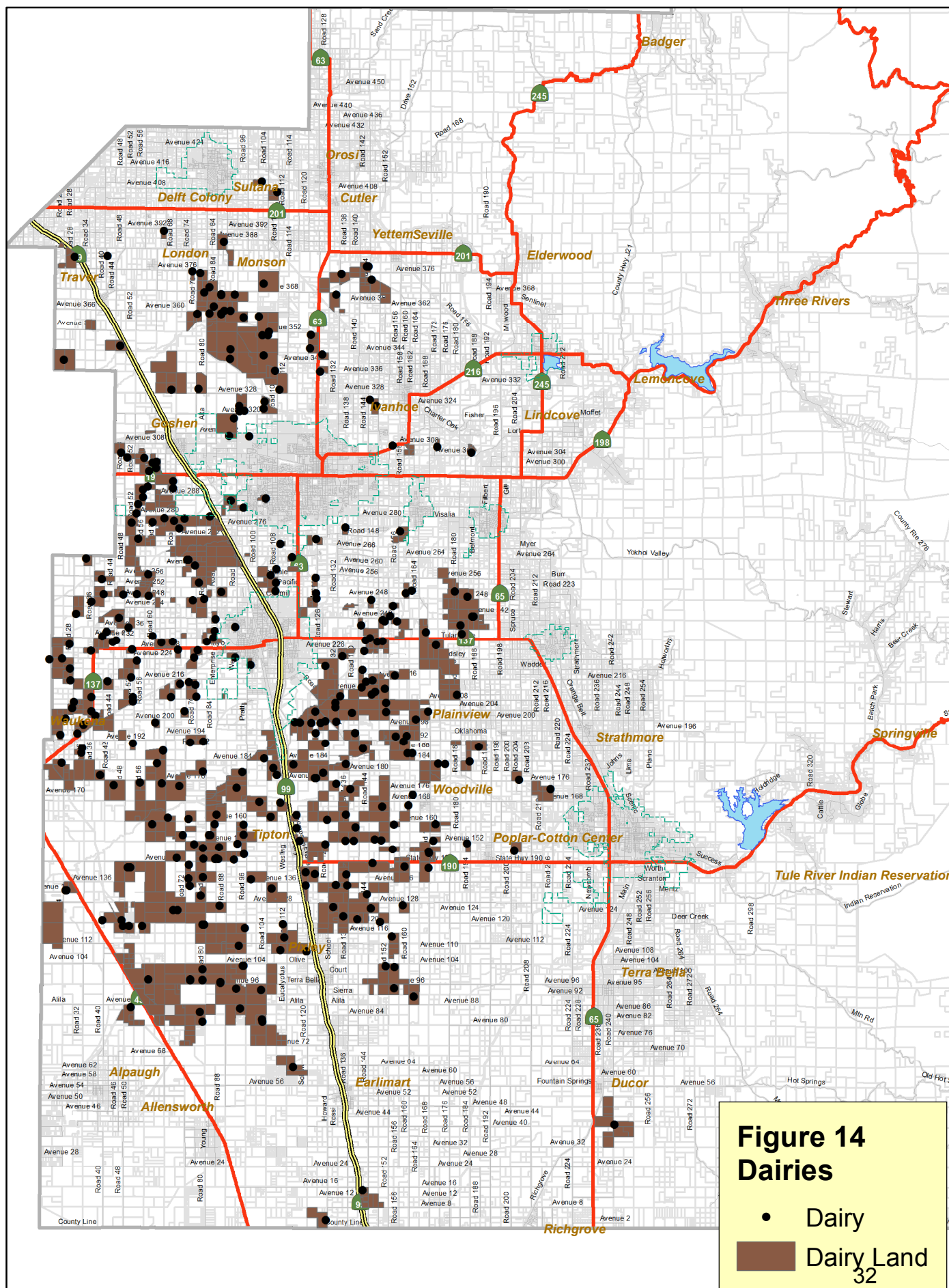


Figure 12 Williamson Act Land

- Existing City Boundaries
- 2016 Annexations
- Farmland Security Zone Contracts
- Williamson Act - Prime Farmland
- N- Williamson Act - Prime Farmland
- Williamson Act - Open Space
- N- Williamson Act - Open Space
- Williamson Act - Homesteads
- N- Williamson Act - Homesteads
- Cancelled
- Expired





Senate Governance and Finance Committee

LEGISLATIVE UPDATE FROM SACRAMENTO

2016 CALAFCO ANNUAL CONFERENCE

October 28, 2016

LAFCO-Related Bills

- **SB 1266 (McGuire)** requires joint powers agencies and joint powers authorities that provide municipal services to file copies of specified documents with local agency formation commissions. *Signed – Chapter 173, Statutes of 2016.*
- **SB 1318 (Wolk)** would have required local agency formation commissions to identify disadvantaged un-incorporated communities that are within or adjacent to the sphere of influence of a city or special district, assess their needs for water and wastewater infrastructure, and adopt and implement a plan to address any water and wastewater service deficiencies. *Died in the Assembly Local Government Committee.*
- **AB 2414 (Eduardo Garcia)** establishes an annexation process to expand the Desert Healthcare District's boundaries that is exempt from some statutes that generally govern district annexations. *Signed – Chapter 416, Statutes of 2016.*
- **AB 2470 (Gonzalez)** requires one of two water districts in San Diego County to provide water outside of the district's boundaries to the Sycuan Tribe upon request of the tribe. *Signed – Chapter 301, Statutes of 2016.*
- **AB 2471 (Quirk)** would have required, notwithstanding the statutes that generally govern district dissolutions, that the Alameda County Local Agency Formation Commission must order the Eden Township Healthcare District's dissolution if the District meets specified criteria. *Died on the Senate Floor.*
- **AB 2910 (Committee on Local Government)** is the annual local agency formation commission omnibus bill, which contains several non-controversial changes to state laws affecting local government organization and reorganization. *Signed – Chapter 165, Statutes of 2016.*

Land Use Planning & Development

- **SB 1000 (Leyva)** requires each city and county to incorporate an environmental justice element, or goal, policies, and objectives for environmental justice contained in other elements, into its general plan. *Signed – Chapter 587, Statutes of 2016.*

- **SB 1262 (Pavley)** requires a water supply assessment for new development to include additional information on groundwater resources if the development relies on groundwater and requires identification of water systems where the service area contains or is adjacent to the development site, if those systems may serve as a potential supplier to the project. *Signed – Chapter 594, Statutes of 2016.*
- **SB 1263 (Wiekowski)** requires the State Water Resources Control Board (SWRCB) to review permit applications for new water systems, authorizes SWRCB to deny a permit if it is found that the service area of the public water system can be served by an existing public water system, and prohibits a city or county from issuing a building permit for new residential development when the proposed water supply is bottled water, transported by a water hauler, or provided by a water-vending machine or a retail water facility. *Signed – Chapter 843, Statutes of 2016.*
- **SB 1317 (Wolk)** would have generally required a city or county overlying certain groundwater basins to establish a process for permitting new wells that (1) requires the permit applicant to demonstrate that the well will not contribute to or create an undesirable result for the basin, until January 31, 2022 or the basin is governed by an approved groundwater sustainability plan; and (2) prohibits new wells in probationary or overdrafted basins. *Died in the Assembly Water, Parks, and Wildlife Committee.*
- **AB 2180 (Ting)** shortens deadlines for lead agencies and responsible agencies, excluding the California Coastal Commission, to approve or disapprove certain residential and mixed use developments under the Permit Streamlining Act. *Signed – Chapter 566, Statutes of 2016.*

Housing

- **SB 1069 (Wiekowski)** repeals the ability of local governments to prohibit the construction of “second units,” requires the ministerial approval of some second unit development applications, and limits the conditions that local governments may impose on the development of second units, such as lowering the maximum amount of parking that local governments may require. *Signed – Chapter 720, Statutes of 2016.*
- **AB 2031 (Bonta)** allows a city or county to reject allocations of specified revenues resulting from redevelopment agencies’ dissolution to make those revenues available to develop affordable housing. *Signed – Chapter 453, Statutes of 2016.*
- **AB 2299 (Bloom)** requires every city and county, including charter cities, to adopt an ordinance that provides for the creation of second units; repeals the ability of local governments to enact ordinances banning second units; and limits the requirements that cities and counties may impose on second units. *Signed – Chapter 735, Statutes of 2016.*

Local Finance

- **SB 817 (Roth)** would have changed the formulas for calculating annual vehicle license fee adjustment amounts for four cities that incorporated after 2004. *Vetoed.*
- **SB 1029 (Hertzberg)** requires state and local government debt issuers to report to the California Debt and Investment Advisory Commission (CDIAC) specified information about some proposed and outstanding debt. *Signed – Chapter 307, Statutes of 2016.*
- **AB 2613 (Achadjian)** allows certain small special districts, until January 1, 2027 to replace a required annual audit with an annual financial compilation or an agreed-upon procedures engagement. *Signed – Chapter 164, Statutes of 2016.*

Issues on Deck for Next Session

- Housing affordability, housing affordability, housing affordability
- Water, continued
- 2016 ballot measure implementation
- Environmental justice/disadvantaged communities

CONTACT INFORMATION:

Senate Governance and Finance Committee – (916) 651-4119

Anton Favorini-Csorba, Principal Consultant, anton.favorini-csorba@sen.ca.gov

This page intentionally left blank.

October 2016

ANNUAL CONFERENCE EDITION

2016 Report to the
Membership

Associate Members'
Corner

Message from the Chair:
Reflections of the Past;
Responsibilities for Today

The Challenges of
Reorganizations: Local
LAFCo Perspectives



CALAFCO 2016 Annual Report to the Membership

Dear CALAFCO Members:

The CALAFCO Board of Directors is proud to report the progress of our Association during the past year, which was a very full year. This year we successfully integrated many of the organizational changes the Board approved in July 2015. The year was also marked with a successful Annual Conference in Sacramento, Staff Workshop in Los Angeles, an increased presence across the state and as an advocate for LAFCo and LAFCo principles to statewide decision makers, and a mixed-bag of legislative efforts that included sponsoring two legislative bills (both signed into law), responding to a host of LAFCo-related bills, and testifying at a special hearing of the Little Hoover Commission (LHC).

The Association continues to be on sound financial ground. We are pleased to report that all 58 member LAFCOs have renewed their membership for the 2016-17 fiscal year, and today we have six (6) Gold Associate members and twenty-four (24) Silver Associate members. The FY 2016-17 adopted budget not only increases member service levels, it also retains a healthy reserve, and allows us the opportunity to reinvest into the membership in several ways.

Our achievements are the result of the dedicated efforts of many volunteer LAFCo staff from around the state who contribute their time and expertise. The Board is grateful to the Commissions who support their staff as they serve in the CALAFCO educational and legislative roles on behalf of all LAFCOs. We are also grateful to the Associate members and event Sponsors that help underwrite the educational mission of the Association and allow us to keep registration fees as low as possible.

Early in 2016 your Board of Directors conducted a full review of the Association's performance in meeting the 2015 objectives as outlined in the organization's 2015-2016 Strategic Plan. This was the first time such a review was conducted. We also took this time to review the objectives set for 2016 and revise them where appropriate. We reported our "dashboard report card" and the changes to the Strategic Plan to you, the membership, shortly thereafter. The objectives for 2016 remained aggressive and robust, and we are pleased to report the outcomes to date.

Continued on Page 6

The Sphere

CALAFCO Journal

October 2016

The Sphere is a publication of the California Association of Local Agency Formation Commissions.

BOARD OF DIRECTORS

John Leopold, Chair
James Curatalo, Vice Chair
Gay Jones, Secretary
Josh Susman, Treasurer
Cheryl Brothers
Bill Connelly
Larry R. Duncan
Shiva Frentzen
Michael Kelley
Dr. William Kirby
Gerard McCallum
Michael McGill
John Marchand
Anita Paque
Ricky Samayoa
Sblend Sblendorio

CALAFCO Staff

Pamela Miller, Executive Director
Stephen Lucas, Executive Officer
David Church, Deputy Exec. Officer
Paul Novak, Deputy Exec. Officer
Kris Berry, Deputy Exec. Officer
Clark Alsop, Legal Counsel
Jeni Tickler, Executive Assistant

To submit articles, event announcements, comments or other materials noteworthy to LAFCo commissioners and staff, please contact the Editor at 916-442-6536 or info@calafco.org.

The contents of this newsletter do not necessarily represent the views of CALAFCO, its members, or their professional or official affiliations.

1215 K Street, Suite 1650
Sacramento, CA 95814
916-442-6536

www.calafco.org

A MESSAGE FROM THE CHAIR OF CALAFCO

Over the last two years that I have served as Chair of CALAFCO, I have been able to experience the strength of our individual LAFCos, help lead a valuable restructuring of our organization, and work directly with the Governor's office, state Legislators and most recently with the Little Hoover Commission (LHC). Through this all, I have gained some insight into what makes our work critical to the development of our state and the role that our local organizations play in helping shape the future of California.

CALAFCO was recently invited to testify before the LHC to talk about the role that special districts play in our state. The last time the LHC looked at LAFCos was 16 years ago, and some of their recommendations were included as part of the major overhaul, which became the Cortese-Knox-Hertzberg (CKH) Act of 2000, the operating legislation for LAFCos. They were revisiting some of the issues with special districts, and, with the LHC's important role in influencing LAFCo law, we took the opportunity to review with them some of the additions made to the law and their impacts.

Our written testimony was a valuable report on the history of LAFCos, some of the contributions we have made to state governance, and both the challenges and opportunities that exist for LAFCos. It included useful information about the budgets, staffing and makeup of the state's 58 LAFCos. I encourage you to read it at www.calafco.org because it is a wonderful overview of who we are and what we do.



John Leopold
Chair of the Board
CALAFCO

Before the LHC, Pamela Miller, our Executive Director, related an analogy about the Legislature's giving LAFCos a brand new Rambler in 1963 when the original law was written. Over the years they have added new passengers and even changed part of the course for LAFCos, but they have never given us a new car so we are still rolling down the road with a few dings, a bumper hanging off, and a car filled to the brim. We all tried to make the point that there is only so much a LAFCo can do when our funding is fairly static but our responsibilities continue to grow.

We focused on the development of Municipal Service Reviews (MSRs) since CKH. We pointed out how various LAFCos approached this new responsibility and their role, along with Spheres of Influence (SOIs), in long-term planning. LAFCos can make recommendations that are operational in nature, such as addressing governance, managerial or financial concerns. When using these tools, a LAFCo can recommend a consolidation and dissolution of a district, but it can't mandate a district to take action; further LAFCos lack the authority to ensure implementation. Districts are not required to adhere to LAFCo recommendations and, even when they agree, the voters may decide in the end that they don't want to make any changes.

LAFCoS are able to consider local circumstances and conditions, and, while special legislation addresses an immediate concern, it often results in collateral long-term impacts to resolving local issues.

Increasing demands from the Legislature for LAFCoS to address local agency deficiencies without the authority and resources to do so and the reluctance of local agencies to readily accept LAFCo assistance or intervention combine to create a lose-lose for all. Instead, we suggested remedies that would help legislators deal with underperforming districts while maintaining the important local control for decisions.

In our testimony we advocated for increased revenue options for LAFCoS. We suggested that the state grant LAFCo the statutory authority and financial resources to identify inactive districts and dissolve these districts after the appropriate study has been conducted or certain determinations have been made by the LAFCo. In order to assess the effectiveness of MSR, we recommended a statewide study and from that study, make legislative changes as appropriate. It has now been 16 years since LAFCoS were authorized to conduct regular SOI updates and MSR. Enough time has passed, and enough LAFCoS have completed several "rounds" of these studies for there to be the kind of data needed to study and evaluate the effectiveness of the requirement. Lastly, we urged the LHC to push for some of the findings they made 16 years ago that would help in the statewide discussion about the efficacy of district consolidations or reorganizations. The LHC study previously pointed to the need for a long-

term study of consolidations; the development of metrics to assess special districts that LAFCoS could use in their MSR and SOI; and the development of cadre of trainers of former LAFCo and special district executives to train and or assist and advise in certain situations.

Our shared challenges are best worked out in partnership. We emphasized our interest for CALAFCO to work with special districts and the Legislature as a partner to help provide efficient services in our state and prepare for challenges that were unseen when LAFCoS were created.

We have come a long way as LAFCoS since our birth in 1963. Our testimony before the LHC gave me an opportunity to reflect on the many changes that we have experienced and the challenges that lay ahead.

"Our shared challenges are best worked out in partnership."

Over the last two years as your chair, I have seen our organization grow in size, financial capacity, and effectiveness at the state level. CALAFCO will continue to evolve in the future to meet the needs of our 58 LAFCoS and serve the state.

It has been an honor to lead this incredible organization over the last two years. Thank you to all the wonderful Board members with whom I have had the pleasure to serve, our dedicated staff of Executive Officers who have ably supported our work, and our effective and talented Executive Director who has helped CALAFCO grow in ways that strengthen our organization internally and externally.

Thank you,

John Leopold





A Message from the CALAFCO Executive Director

Pamela Miller
Executive Director

The Road Ahead: Looking Back at the Steps Forward

Last year has been an interesting one for CALAFCO. The Association dealt with some expected changes and challenges and faced some unexpected ones too. We forged new partnerships with CV Strategies to create a new Conference Sponsorship model, began the work of transitioning our email and website hosting services to a new firm, Matson & Isom Technologies, and began work with the American Farmland Trust on a White Paper on Agricultural Preservation Policies.

We strengthened existing partnerships, continued to work with the State Water Resources Control Board (SWRCB) on water-related legislative matters and collaborated with CSDA on two projects: a Formation Guide for Special Districts and Countywide RDA Oversight Board Procedures (pertaining to special district seats).

We responded to a plethora of legislation that deeply impacted LAFCo, not the least of which was SB 1318 (Wolk). And, in an unexpected turn of events, CALAFCO was called to testify before the Little Hoover Commission (LHC) at its August hearing on special districts. The combination of experiences of working on SB 1318 and preparing the testimony for the LHC was both educational and eye-opening for me.

The study and report for the LHC on the evolution of LAFCos, especially focusing on the past 16 years, allowed me the chance to look in the rear view mirror; the focus on challenges for LAFCos today allowed me the chance to stand in the present moment; and the report's attention on future opportunities for LAFCos allowed me to look forward. This interesting perspective made clear for me several things.

First, LAFCos have come a long way over the past 53 years and especially over the past 16 years.

"Increasing demands from the Legislature for LAFCos to address local agency deficiencies without the authority and resources to do so, and the reluctance of local agencies to readily accept LAFCo assistance or intervention, combine to create a no-win for all."



Think about it – LAFCo was originally created in 1963 to review and approve or disapprove proposals for incorporations and the creation of special districts. Compare that to today's charge for LAFCo and there is a world of difference...as I suppose there should be over a 53-year timespan.

Think of how the world has changed in the past 53 years...it only makes sense that LAFCo would change with it.

Next, if you ever wonder what use the CALAFCO Biennial Survey data is...let me tell you – the 2015 survey data was certainly put to good use in the LHC testimony. This data provided support to several points made within the testimony: first is the different staffing models of LAFCos throughout the state; second, the range in LAFCo budgets; third, the level of independence and employment models used by LAFCos around the state; and finally, the ability or inability of

LAFCos to meet their statutory requirements based on their current budget levels.

Another thing that became clear to me is that the resources available to LAFCo have not kept pace with the evolution of the role and responsibilities of LAFCo through the years. Increasing demands from the Legislature for LAFCos to address local agency deficiencies without the authority and resources to do so, and the reluctance of local agencies to readily accept LAFCo assistance or intervention, combine to create a no-win for all. Ultimately, LAFCos must still rely on the participating local agencies as their primary source of operational revenue (other than fees for services). These are the same agencies that are also critically reviewed by LAFCo and that may not view a strong LAFCo as a helpful entity. This has become increasingly challenging as local agencies continue to grapple with their own fiscal shortages and desire to maintain local control in an era of increasing regional planning demands.

Other challenges facing LAFCoS today and in the future that crystalized for me include the matter of independence, which remains a struggle for many of our LAFCoS; political pressures for Commissioners; dealing with unique service entity structures such as Mutual Water Companies and JPAs; and the recent challenge of LAFCo authority by the Legislature pursuant to bills introduced in the 2015-16 legislative year.

Finally, in working on SB 1318, what became very clear to me and others is that there is a need for us to ensure that all of our LAFCoS are in compliance with the disadvantaged unincorporated communities (DUC) mapping required by SB 244 (Wolk, 2011).

From the realization of these challenges also came the clarity that there are many opportunities.

As part of our written and verbal testimony to the LHC, CALAFCO offered a number of opportunities to address many of these challenges. While some of these opportunities are not within our direct control, some are, while others can be influenced by us.

These opportunities include additional state-level funding for LAFCoS across the board – or at the very least to conduct more in-depth studies on service providers that need greater scrutiny. To that end CALAFCO offered a number of options for the LHC and state Legislature to consider. We suggested considering the appointment of Commission members to fixed terms as a potential opportunity to create a better balance of the democratic appointment process with the empowerment of the official to act more independently. We also suggested a statewide study on the effectiveness of MSRs and a review and revisions of certain outdated principal acts,

and we advocated strongly to keep LAFCo decisions local without interference from the state Legislature. CALAFCO also recommended that the state support a study of the long-term effects of consolidations and reorganizations. This recommendation stems from the ever-increasing pressure LAFCoS are feeling to initiate and/or approve such actions.

Further, as an outcome of all of the work done by CALAFCO this year on SB 1318, the CALAFCO Board approved staff's recommendation (supported by our Legislative Committee) to embark on a project of mapping DUCs in all 58 counties and including this mapping within a White Paper on DUCs to be produced within the next year. These maps will be provided to both OPR and the SWRCB. CALAFCO is committed to having these maps updated every five years. This does not mean LAFCoS cannot continue to produce their own mapping – as many of you are already mapping DUCs at a more detailed level than this project will do. However, this project will not only bring all LAFCoS into compliance with the mapping requirements but will also demonstrate that we are willing and able to respond to the critique of non-compliance. By approaching this mapping with a consistent and statewide effort, CALAFCO has the opportunity to provide a significant benefit to our member LAFCoS, which in turn benefits the communities they serve.

No one knows what the future holds for LAFCoS, but one thing is for certain: the road ahead is wide open with possibilities, challenges and opportunities. We just need to make sure we have our eyes open wide enough to see everything and be able make the distinctions necessary to take the correct turn.

Pamela Miller





Annual Membership Report

Continued from cover

EDUCATIONAL SERVICES AND COMMUNICATION

CALAFCO educational and information sharing-services are the Board's top priority for member services. The Association focuses its resources in four areas: the Staff Workshop, Annual Conference, CALAFCO University courses, and electronic resources including the web site, quarterly reports and the member list-serves.

Staff Workshop and Annual Conference

We continued the tradition of quality education programming with the Staff Workshop held in Universal City in late March and the Annual Conference in Santa Barbara in October. The Workshop, hosted by Los Angeles (LA) LAFCo, brought together 111 LAFCo staff from around the state and six Associate members.

With the theme ***JEOPARDY: What is the Evolving Role of LAFCo?***, this year's program included a range of both technically-oriented and professional development topics. We began with a special Mobile Workshop panel and tour learning about the NBC Universal Evolution Plan, Alt. No. 10: No Residential Alternative. The panel included those from local public and private entities who worked with LA LAFCo on the project, as well as LA LAFCo staff who offered their own perspective on the project. Also included was a very special backlot tour of NBC Universal Studios, which was followed by lunch. NBC Universal was a very gracious host, and CALAFCO very much appreciated its generous full sponsorship of this very special Mobile Workshop.

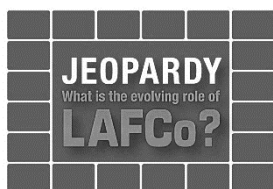
Workshop sessions included general sessions on water, legislative impacts of 2015, legislative updates, and a special session on Building Trust by the Franklin Covey Group. Breakout sessions were a mixed bag of technical topics such as

website development, database management, new LAFCo laws for clerks, protest provisions, Brown Act 101 and legislation 101. In addition to the Building Trust session, personal development topics included team building.

We were treated to a very special lunch program that involved a look back in time at some of our LAFCo members and after dinner entertainment in the form of a LAFCo Jeopardy game (which turned out to be highly competitive as well as a lot of fun). We would like to thank the Program Planning Committee members and ***Kris Berry*** (Placer LAFCo), ***Marjorie Blom*** (Assoc. member) and ***Pamela Miller*** (CALAFCO), all of whom co-chaired the Program Committee, our host, ***LA LAFCo***, led by ***Paul Novak*** and his entire team of staff, and all who worked to make this an outstanding Staff Workshop. We also acknowledge and thank the sponsors of this year's Staff Workshop.

The 2017 Staff Workshop is set for April 5-7, 2017 at the beautiful Doubletree by Hilton in downtown Fresno. Our host for this workshop will be ***Fresno LAFCo***.

Approximately 270 LAFCo commissioners, staff and guests are expected at the 2016 Annual Conference in Santa Barbara. Hosted by ***Santa Barbara LAFCo*** and held at the Fess Parker DoubleTree, just across from the breathtaking Pacific Ocean, the program centers on the theme ***"Orchards to Oceans: Balancing California's Diversity"*** and includes a range of content-rich sessions focused on how LAFCos can be even more effective at balancing our state's diverse needs. The Mobile Workshop is scheduled to take us on a local greenhouse tour where cutting-edge technology is used to grow plants, followed by a tour of Bradbury Dam at Lake Cachuma. Following the theme of water and land, opening general sessions include a water report from varying perspectives and a look at the preservation of open space and agricultural lands. Other sessions include a unique look at cutting-edge trends and LAFCo, disadvantaged





unincorporated communities, CEQA, LAFCo and demographics over time, AB 8, the status of city incorporations, and the Legislature's recent trend of overriding LAFCo authority. We will close with our powerful and informative legislative update that includes panelists from both the Senate Governance and Finance Committee and CALAFCO's Legislative Committee.

The LAFCo 101 session was once again open for attendance to those who are not attending the full conference at a deeply discounted rate. This allows agencies to send staff and elected officials to this very special 2-hour session on understanding and applying the basics of LAFCo. This year we are proud to announce a very special luncheon keynote speaker, **Mr. Jean-Michel Cousteau**.

We acknowledge and thank **Santa Barbara LAFCo** for hosting the Conference, their staff for all of their hard work: **Paul Hood, Michael Allen** and **Jacqueline Alexander**, the Conference Committee Chair **Sblend Sblendorio** (Alameda LAFCo), the Program Committee Chair **David Church** (San Luis Obispo LAFCo), and all who are working on the Program Committee to make this an outstanding Conference.

We wish to also thank all of our sponsors for this year's Annual Conference, without whom this special event would not be possible.

This is the last year a local LAFCo will host the Annual Conference. Next year's Conference will be hosted by CALAFCO and held at the beautiful Bahia Hotel in Mission Bay, San Diego, October 25 – 27.

CALAFCO University

Last year the Board approved a reduction in the number of annual offerings for CALAFCO U courses. Now, we offer two sessions annually, one in Sacramento and the other in the southern part of the state. Your feedback was to hold fewer courses with topics that were meaningful and timely, as LAFCos have limited training dollars and there were too many options from which to choose.



The final CALAFCO U for 2015 was held in Sacramento on November 9 and had 34 people in attendance. The topic was **Implementing SB 88 – Water System Consolidations: What Does It Mean For LAFCo?** Panelists included staff from the State Water Resources Control Board (SWRCB) and the Governor's Office of Planning and Research (OPR). After hearing about the functions of the SWRCB, an overview of SB 88 and how the SWRCB plans to implement the legislation, attendees had an opportunity, in small group discussions, to provide the panel feedback on potential issues, how we see LAFCo involved in the implementation, and what would be needed in order to make that work. This information was collated and presented to the SWRCB and OPR, and used by CALAFCO to inform clean-up legislation this past year.

Topics for the next two sessions have been identified as **Enhancing Partnerships and Relationships With Affected Agencies** and **Negotiations and Mediation: How LAFCos Have Dealt With Unique Situations**. Watch for confirmation of dates and locations as staff continues to work out details.

Accreditations

CALAFCO's educational activities continue to be accredited by the American Planning Association to provide AICP credits for certified planners. This benefit is provided at no cost to LAFCo staff and helps them maintain their certifications. In addition, both the Conference and Workshop have sessions for LAFCo counsel that have been accredited for MCLE credits by the California Bar.

Web Site

The CALAFCO web site is a vital resource for both LAFCos and the community with questions about local government in California. The site consistently attracts between 5,500 and 6,500 visits per week. The vast majority of the visits are for the reference and resource materials found on the site and referral information to member LAFCos.

This year we planned to migrate to our new website and email host in the spring. We



seamlessly transitioned our email services to the new host as planned. However, the website revision and migration have taken longer than expected. After receiving input from various LAFCo staff on the look and feel of the design and the features and functionalities desired, the site was designed. Migration of the existing data took longer than expected due to many broken links and content duplication behind the scenes. These things are a result of a lack of security updates and patches, not a result of the original design. Other primary delays were due to a very heavy legislative year and an unexpected call to testify before the LHC.

We are happy to report full migration will occur before the end of this year, and our new host will provide technical support and full security for our new site.

List-Serves

The list-serves maintained by the Association continue to be an important communication and information sharing tool among LAFCo staff. In total, we maintain eight list serves to help members share information, materials, and expertise. The List-Serves for executive officers, analysts, clerks and counsel discussions remain the most popular and serve to foster the sharing of information and resources. As mentioned above, all of the Association's email services have successfully been transferred to the new provider.

Quarterly Updates

After each Board meeting, the Association's executive director creates and distributes through the list serves a quarterly report on the activities of the Board and Association. Since The Sphere is now an annual newsletter, these quarterly reports have been enhanced to contain more information, a special feature highlighting Associate Members and local LAFCo updates. These bulletins provide informational updates in a timelier manner and at less cost to the Association. The feedback we've received as a result of these changes is positive, so this is a change the Association will keep in place.

White Papers

This year we focused our efforts on a White Paper pertaining to the Sustainable Management Groundwater Act (SGMA) and LAFCos. Last minute feedback from OPR and the SWRCB requires one final update to the paper before release, which is scheduled within the next month. CALAFCO wishes to thank **David Church** (SLO LAFCo), **John Marchand** and **Mona Palacios** (Alameda LAFCo), and **Best Best and Krieger** for their work on this paper.

Additionally, CALAFCO recently teamed up with the **American Farmland Trust** (AFT) on a joint collaboration White Paper on Agricultural Land Preservation. With work just getting underway on this paper and an estimated completion date of June 2017, we want to acknowledge the volunteers working on this paper: **Christine Crawford** (Yolo LAFCo), **David Fey** (Fresno LAFCo), **Elliot Mulberg** (Solano LAFCo), **Neelima Palacherla** (Santa Clara LAFCo) and **Serena Unger** of the AFT.

Finally, in July of this year your Board approved an earmark for part of the carry-over from the FY 2015-16 budget that is being moved into Contingency for a White Paper to be completed on disadvantaged unincorporated communities (DUCs) that would include mapping all DUCs throughout the state at the census block group level. This project is a result of the work done by CALAFCO this past year on SB 1318 (*Wolk*), during which we determined that not all LAFCos are in compliance with the mapping requirements of SB 244 (*Wolk, 2011*). This document allows CALAFCO to proactively be in control of the information being shared and most importantly brings all 58 LAFCo members into compliance with the requirements of SB 244. Once completed, the information will be shared with OPR, the SWRCB and the Legislature. CALAFCO is committed to updating the maps every five years.



LEGISLATIVE PROGRAM

This year CALAFCO sponsored two bills, responded to a host of bills that impacted LAFcos, remained in discussions with OPR and the SWRCB on water-related matters, and testified before the LHC. Due to our efforts to help solve problems and resolve issues constructively, CALAFCO continues to be a sought-after resource to legislative committees, members and staff, and to state agencies.



The CALAFCO Legislative Committee (Committee) began work in November and met regularly throughout the year. Based on a very narrow scope of legislative priorities set by the Board last year, the focus this year was on a limited Omnibus bill, sponsoring legislation that strengthened the communication relationship between LAFcos and JPAs, and we continued work on finding an author to carry the technical clean-up language needed for SB 88 (2015). The limited scope was due to the anticipation of a need to react to legislation introduced that would impact LAFCo, which turned out to be an insightful decision.

This year's Omnibus bill, **AB 2910**, which was signed by the Governor on August 22, contained eight different changes to Cortese-Knox-Hertzberg (CKH) such as clarifying several definitions, making changes to obsolete and incorrect code references, and making minor updates to several outdated sections. In particular there were minor clean-ups done to the work CALAFCO did last year in the disincorporation statutes and the removal of the requirement of a comprehensive fiscal analysis based on last year's changes to GC §56133 done through SB 239 (Hertzberg).

With thirteen proposals submitted by LAFCo staff and two additional items included from the Assembly Local Government Committee (ALGC), a large number of items had to be left

off the bill this year. These will likely be considered for next year's Omnibus bill.

We are grateful for the efforts of Committee member **Paul Novak** (LA LAFCo) and ALGC consultant **Misa Lennox** for their efforts on shepherding this bill, and to all of you who did the work of submitting proposals for insertion into the Omnibus.

The other CALAFCO sponsored bill is **SB 1266** (McGuire). This bill was also signed by the Governor on August 22. This bill requires certain JPAs that were formed for the purpose of providing municipal services to file a copy of their agreement, or any amendments to their agreement, with the local LAFCo, just as they do with the Secretary of State. The bill allows for the same punitive actions for the JPA that are under existing statutes should they not comply with this filing. JPAs have until July 1, 2017 to comply with the filings. This data will help inform every LAFCo as to exactly which JPAs exist and the exact services they were formed to provide. CALAFCO conducted extensive stakeholder outreach prior to the bill's introduction and continued these efforts in the bill's early stages. This concentrated effort afforded us no opposition to this piece of legislation (although several amendments were required to get to that point). We want to thank **Keene Simonds** (Marin LAFCo) for his work in leading the efforts with this bill.

The other big piece of legislation that required great resources from CALAFCO this year was **SB 1318** (Wolk), which was a follow up bill to SB 244. CALAFCO assumed an **Oppose** position but worked very hard with the author's office and sponsor on several rounds of amendments. We wish to thank **José Henríquez** (El Dorado LAFCo), **Steve Lucas** (Butte LAFCo), **Bill Nicholson** (Merced LAFCo), **Paul Novak** (LA LAFCo) and **Keene Simonds** (Marin LAFCo) for assisting the executive director with the efforts pertaining to this bill. CALAFCO attended hours of stakeholder meetings, and meetings with the sponsor and author's staff in an effort to reach common ground. Additionally, this team spent many hours crafting multiple re-writes of the bill. The bill, which focused on the provision of



drinking water and wastewater to DUCs, initially severely restricted LAFCoS when considering certain annexations and created, for LAFCo, a host of unfunded mandates pertaining to DUCs. In that the bill was widely opposed by stakeholders, the author's office and sponsor considered a number of amendments. In the end, however, no agreement was reached among stakeholders, the sponsor and the author, and Senator Wolk dropped the bill. The bill also contained an amendment that addressed our need to amend GC §56653, but that was lost when the bill was dropped.

As mentioned previously in this report, even though the bill died, CALAFCO came away with a significant outcome in the form of a future action. As a direct result of our involvement and discussions on **SB 1318**, CALAFCO will undertake a White Paper and full mapping project of all DUCs within the state in 2017.

CALAFCO was also actively involved in stakeholder discussions regarding **SB 1262** (Pavley). A follow up to the groundwater legislation passed in recent years, this bill made substantive changes to the Water Code as it pertains to water supply planning. Several of our requested amendments were taken and ultimately the bill was signed into law by the Governor. CALAFCO maintained a **Watch with Concerns** position on this bill until the majority of our concerns were addressed, at which time we moved to a **Watch** position.

This year we saw a rash of bills introduced that either bypassed LAFCo completely or in some way diminished LAFCo authority. The ALGC saw enough of these bills (almost all of them introduced in the Assembly) such that, by mid-year, the Chair created a questionnaire asking authors their reasoning behind the action. CALAFCO worked on a number of these bills with the respective authors' offices. These and other bills on which we worked included:



- **SB 552** (Wolk) This bill served as the vehicle to pass the one technical amendment CALAFCO sought to SB 88 (2015). It contained several other technical amendments and gave the SWRCB the authority to appoint an Administrator for a water system (as opposed to mandating consolidation). The bill was signed by the Governor. CALAFCO did not take a formal position on this bill.
- **SB 817** (Roth) As he has done the past several years, Senator Roth again carried this bill which called for reinstatement of the VLF through ERAF for cities that incorporated between January 1, 2004 and January 1, 2012. Although it passed the Legislature, the bill was again vetoed by the Governor. CALAFCO had a **Support** position on this bill.
- **AB 2414** (Garcia) As amended, this bill requires Riverside LAFCo to approve the expansion of the Desert Healthcare District providing a determination is made that the expansion is financially feasible. Although the author accepted several of CALAFCO's requested amendments, in the end it left no discretion to Riverside LAFCo. As a result, we maintained our **Oppose** position. The Governor signed the bill September 21.
- **AB 2470** (Gonzalez) As amended, this bill requires a water agency to provide water service upon request of an Indian tribe and under certain conditions, to the tribe at substantially the same terms as existing customers of the water district even though no annexation of the land to be serviced is required. The proposed process bypasses entirely the LAFCo process and requires the water agency to provide the service without discretion. The author introduced the bill to deal with a local issue, despite the fact the bill did not name the Indian tribe for which it was written. CALAFCO maintained a **Watch With Concerns** position on the bill. The author had the support of the entire San Diego legislative delegation as well as the local water providers. Ultimately the bill was signed by the Governor.



- **AB 2471** (Quirk) As amended, the bill divested Alameda LAFCo of its authority and discretion pertaining to the Eden Healthcare District. The bill required the Alameda LAFCo to review Eden Healthcare District's compliance with certain criteria set forth in the bill and if all of the prescribed criteria was met, required the LAFCo to order the dissolution of the district. After much work by Alameda LAFCo and CALAFCO and a formal request by the City of Hayward to the LAFCo to conduct a thorough district review, the author dropped the bill. CALAFCO maintained an *Oppose Unless Amended* position.

Thorough legislative updates are provided in each Quarterly Report. For a complete list of CALAFCO bills, please visit the CALAFCO website. Information is updated daily.

CALAFCO AS A RESOURCE

The Little Hoover Commission

The LHC contacted CALAFCO in early summer this year as it planned to hold an informational hearing on special districts. This hearing was a follow-up to the Commission's 2000 report on the effectiveness of special districts. CALAFCO was one of six primary witnesses to testify at the hearing on August 25. Preparation leading up to the hearing required CALAFCO to submit written testimony to the LHC in response to a specific series of questions posed. Our executive director, with the proofreading help of several local LAFCo and legal staff (and we thank **Harry Ehrlich**, San Diego LAFCo, **Steve Lucas**, Butte LAFCo, **John Leopold** and **Pat McCormick** of Santa Cruz LAFCo, and **Clark Alsop** and **Paula de Sousa Mills** of BB&K for their assistance) produced a 19-page written testimony in advance of the hearing. The report was also distributed to the CALAFCO membership and placed on the CALAFCO website.

In addition to CALAFCO's testimony, during the hearing the LHC heard from the CA Special Districts Association (CSDA), the CA Healthcare Districts Association, the North

Tahoe Fire Protection District, the Howard Jarvis Taxpayers Association, and Michael Coleman. The Commission heard from Pamela Miller, John Leopold and Steve Lucas on the primary points of our written testimony, which included: (1) how the evolution of the resources available to LAFCo has not kept pace with the evolution of the role and responsibilities of LAFCo through the years; (2) the role that Municipal Service Reviews (MSRs) actually play in the relationship between LAFCos and special districts; (3) LAFCo limitations as they pertain to actions and accountability of MSRs; and (4) the short and long term effects of the Legislature making state-level decisions on local LAFCo matters.

This was the perfect opportunity for CALAFCO to address the need for additional funding and resources, to urge the LHC to encourage the Legislature to keep local LAFCo decisions local, and to clarify the actual role of LAFCo in the relationship with special districts.

The LHC is holding a follow-up hearing in late October which will focus on special districts and climate change, at which CALAFCO was not required to testify. Additionally the Commission is holding a roundtable discussion for stakeholders on the issue of healthcare (hospital) districts operating with a hospital that does not provide direct healthcare services in November, at which CALAFCO will be present.

CALAFCO will distribute the Commission's final written report as soon as it becomes available.

Collaborative Projects with CSDA

This year CALAFCO teamed up with CSDA on two special projects. The first was a Special District Formation Guide, which is intended to assist anyone who is considering the formation of a special district. The Guide is not intended to sway readers either in favor of or against the formation of a district. The final Guide is set to be released late October. CALAFCO wishes to thank CSDA for its partnership in the creation of this Guide, and especially those who represented CALAFCO along with our executive director in

its preparation: **Jeff Brax** (Sonoma LAFCo), **SR Jones** (Nevada LAFCo) and **Elliot Mulberg** (Solano LAFCo). Each LAFCo will receive one complimentary copy of the Guide and it will be available for download or purchase.

The other project was the creation of a White Paper and an outreach campaign plan on the implementation of the statutory requirements of the Countywide RDA Oversight Board Special District appointments. Thirty-seven counties have multiple oversight boards that will require consolidation. Of those, eleven counties do not currently have an independent special district selection committee in place. If not addressed in time, the Governor will have the authority to make those appointments. This White Paper is intended to address how to best meet these requirements. CALAFCO thanks CSDA for its partnership in addressing this issue, and we would like to thank those who represented CALAFCO along with our executive director in its preparation: **Gary Bell** (Colantuono, Highsmith & Whatley), **José Henriquez** (El Dorado LAFCo) and **Keene Simonds** (Marin LAFCo).

OPR statewide workshops

In the latter months of 2015, OPR hosted statewide workshop on both rural community needs and the connection between water and land use. CALAFCO was one of a few (if not the only) statewide entity allowed to attend all of these invitation-only sessions. They were held in various locations around the state and brought together a select group of local people to discuss the issues of rural community needs and land use and water. The messages received at each were very different, as you can imagine. OPR is still deliberating on the data received and plans to publish a report sometime in 2017. CALAFCO thanks those who attended these workshops to ensure LAFCos' voice was heard: **George Spiliotis** (Riverside LAFCo), **Kris Berry** (Placer LAFCo), **Steve Lucas** (Butte LAFCo), **David Church** (SLO LAFCo), **Bill Nicholson** (Merced LAFCo), **George**



Williamson (Del Norte LAFCo) and **Kate McKenna** (Monterey LAFCo).

FINANCIAL POLICIES AND REPORTING

The Association continues to stand on a strong financial base. The Board maintains policies and current filings which are in compliance with all federal and state requirements for 501(c)(3) organizations. The CALAFCO Policy Manual, IRS Form 990 and other key Association documents are available on the CALAFCO web site. The Association also maintains its records with the national non-profit reporting organization, GuideStar (www.guidestar.com). In 2016 CALAFCO once again earned the *GuideStar Exchange Gold Seal* in recognition of its transparency and completeness in documentation.

All financial records are reviewed quarterly by an outside CPA with reports to the Treasurer and the Board. The Board also reviews the annual IRS Form 990 tax filing prepared by the CPA and staff.

2016-17 Budget

The Board continues to manage the financial resources of the Association closely. This year, after many years of either no dues increase or an increase only by the CPI, LAFCo dues were increased by seven (7) percent, which is a range of \$55 to \$530 per year. This increase was unanimously approved by the Board to cover the costs required to maintain sustainable organizational support for the Association. These changes were communicated to the membership during last year's Annual Business meeting (as well as in a letter distributed to the membership in advance of that meeting). Prior to this fiscal year, the last time the dues were increased beyond the CPI was 2008-09.

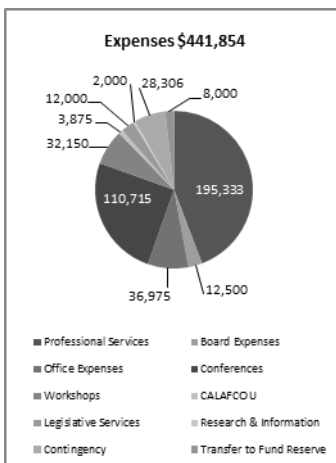
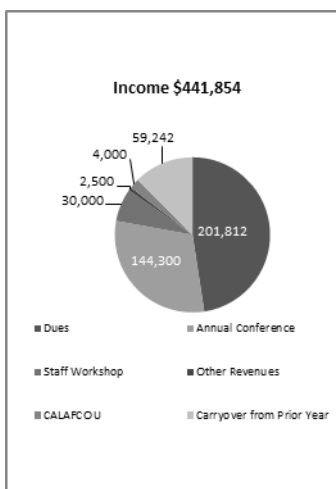
The adopted budget for 2016-17 provides for several changes from the 2015-16 budget. The close of the fiscal year showed a slightly greater year-end balance than anticipated in the adopted budget, allowing the Association to once again avoid the use of reserves. The budget adopted in



May 2016 was revised and adopted as such in July by the Board. The revised FY 2016-17 budget is \$441,854, which includes a carry-over net balance of \$59,242 and contingency fund of \$28,306. This is due in part to another profitable Annual Conference as well as diligent fiscal management on the part of staff. The Board approved several allowances for the use of Contingency funds during the last fiscal year which includes a website design, services to increase sponsorship revenue at Conferences, 2015 Conference support services, special LAFCO 101 sessions at the Capitol for legislative staff in the fall of 2015, and the purchase of updated visual equipment (LCD projectors) for use at Workshops and Conferences. The year-end balance in Contingency was \$11,274. For the current fiscal year, Contingency funds will be used to fund several additional projects that will create high value for the membership, including the White Paper and mapping of DUCs and the Ag Policies White Paper.

Restricted Fund Reserve

Since 2005 an important goal established by the Board has been to grow and maintain a fund reserve to support member services in uncertain economic times and to avoid the need to tap members for additional funds, as had been done in the past. With an initial goal of 35% of non-conference operating expenses, the reserve balance at the close of the 2015-16 fiscal year was \$150,754, about 72% of the annual operations budget outside of the Conference, Workshop and CALAFCO U. The reserve is not part of the annual budget and requires a vote of the Board to use its funds. The Association has not used the fund reserve since the early 2000s. CALAFCO maintains its funds with the Local Agency Investment Fund (LAIF). While the interest rate has remained low again this year, we have not



lost any of the principal in our savings or investments. The current Policy calls for having a minimum of 25% held in reserves. At the beginning of the current fiscal year, the Board approved the transfer of \$8,000 to Fund Reserves, making the current total held \$158,754.

All financial reports, including budgets and annual tax filings, are available to the membership on the CALAFCO website as well as on GuideStar's website.

ASSOCIATION MANAGEMENT

Board Member Activity

As a result of last year's regional Board elections, the Board welcomed four new members: **Bill Connelly** (Butte) representing the Northern region County seat; **John Marchand** (Alameda) representing the Coastal region City seat; **Anita Paque** (Calaveras) representing the Central region's Public seat; and **Sblend Sblendorio** (Alameda) representing the Coastal region's Public seat.

New Associate Members

We are proud to welcome several new Associate members to the Association this past year. We welcomed new Gold member **CV Strategies**, and Silver members **Braitman & Associates** and **Meijun, LLC**. We also welcomed back to the CALAFCO Associate member family **Rosenow Spevacek Group Inc. (RSG)**. Each of these new members was featured in one of our Quarterly Reports to the membership. We are proud to feature our Associate Members in these reports and look forward to continuing that practice in the future.

A Final Thank You

We wish to thank **Paul Novak** (LA LAFCo) who served the past two years as Deputy Executive Officer (DEO) representing the Southern region. We welcome **Carolyn Emery** (Orange LAFCo)

who will step in as the Southern region's DEO effective October 31, 2016.

Finally we want to recognize the leadership of our executive director **Pamela Miller** and executive officer **Steve Lucas** (Butte LAFCo). Added to that is our appreciation for all the contributions of executive assistant **Jeni Tickler** in the CALAFCo office, DEOs **David Church** (San Luis Obispo LAFCo) and **Kris Berry** (Placer LAFCo), Legal Counsel **Clark Alsop** (BB&K), and CPA **Jim Gladfelter** (Alta Mesa Group). These people, along with many other volunteers, Associate members, and members of the Board have all worked together this year to bring many achievements and a strong Association to you, our member LAFCos and Associate members.

Sincerely Yours,

The CALAFCo Board of Directors



Redefining the Meaning of Long-term

Written by Michael Ott, San Diego LAFCo Executive Officer

The San Diego LAFCo recently approved a complicated fire agency reorganization that took over 30-years to complete. Work on this reorganization redefined the meaning of "long-term." The reorganization consisted of the dissolution of a 6,163-acre volunteer fire organization, operating as County Service Area No. 107 (Elfin Forest / Harmony Grove); annexation of the dissolved CSA territory to the Rancho

Santa Fe Fire Protection District; annexation of another 341 acres to eliminate several large service islands; and the initiation of a second cross-conditional annexation totaling 3,163 acres. The cross-conditional aspect of this reorganization was a unique feature permitted by Government Code Section 56886(o) and involved the initiation of an annexation to an ambulance transport district run by the County of San Diego, called CSA No. 17 (San Dieguito Ambulance).

This multi-faceted reorganization involved prolonged discussions, substantial outreach, and adherence to basic LAFCo principles. Approval of the reorganization not only improved fire protection response times -- but will eventually upgrade emergency medical and ambulance transport services from basic life support to advanced life support levels. When fully implemented, the reorganization will bring



safer conditions to over five thousand people and tens of thousands of commuters and visitors traveling on winding roads that traverse this fast growing semi-rural part of San Diego County.

The most unique element of the reorganization is the condition the San Diego LAFCo placed on the overall reorganization, requiring the initiation of a second proposal per Government Code Section 56886 (o). The use of this condition proved to be a valuable tool for phasing in the delivery of services over an extended period of time. In the case of the Elfin Forest / Harmony Grove reorganization, LAFCo staff needed to break down 30 years of political barriers that prevented community members and the County of San Diego from agreeing on adequate funding to support paramedic transport services. The use of this obscure LAFCo condition placed the funding issue in the proper forum and provided additional time for LAFCo staff to mediate stakeholder discussions.



While it would have been preferable for the ambulance transport issue to have been addressed together with the overall fire district reorganization, the timing was such that additional outreach was necessary with ambulance transport stakeholders. Rather than risking more

delays and the high probability of failure for both the fire district reorganization and emergency medical services annexation, the use of this LAFCo condition permitted one proposal to move forward, albeit contingent on the initiation of a second proposal. The second proposal was initiated within months of the first proposal. This approach is admittedly unorthodox and not applicable in all situations. It should be used sparingly -- but it can be an effective and innovative way to focus public attention on certain jurisdictional issues that would otherwise be overlooked. In the future, residents, commuters, and recreationalists that drive the winding roads in this unincorporated San Diego County community will probably not know the lengths and time in which the San Diego LAFCo was involved with improving public safety; however, it will be reassuring to know that the public will be safer and finally receive an adequate level of fire protection and emergency medical services.

Fire Everywhere

Written by Kathy Rollings McDonald, San Bernardino LAFCo Executive Officer

California continues its late summer/early fall designation as the tinderbox of the nation. But during 2015-16, San Bernardino LAFCo was consumed by fire, as in reorganizations prompted by financial crisis. Adequate fire protection and emergency medical response are key health and safety issues for any community. This was no more evident as the tragic events of December 2, 2015, in San Bernardino County played out on our television screens and cellphones, and the exemplary response by all emergency responders was on display. Fiscal stress, lack of economic investment and a population experiencing high unemployment, however, have placed a severe strain on many cities and special districts in San Bernardino County. Some can no longer afford to provide a sustainable revenue source to support adequate fire and emergency medical response services,

"While challenging, each issue was addressed through the perseverance and creative problem solving efforts of LAFCo and all affected agencies in an overall effort to provide critical services to residents both effectively and efficiently."

which is threatening the health, safety and welfare of residents.

During 2016, San Bernardino LAFCo was presented with three extraordinarily complex fire reorganizations which proposed the transfer of responsibility for fire and emergency medical response services from two cities (San Bernardino and Needles) and one special district (Twentynine Palms Water District) to the San Bernardino County Fire Protection District (County Fire). By taking advantage of the economies of scale available through County Fire, including existing fire stations and personnel, and the transfer of an existing special tax to financially support the enhanced services, these communities now have adequate fire and emergency medical response services that are fiscally sustainable over the long-term.

Each reorganization involved an array of complex issues, including but not limited to, the transfer of facilities and personnel, retirement funding, agency debt obligations, workers' compensation, the transfer of property tax and an existing special tax, and the creative crafting of conditions of approval to ensure that the transition of services was successful. Each of the three reorganizations was unique, and the many technical, fiscal and procedural issues that surfaced throughout their review often stretched staff's abilities to develop solutions. However, with the support of the commission, legal counsel and affected agencies, staff was able to meet the challenges and bring forward all three proposals for commission review. All became effective July 1, 2016.

What follows is a summary of key issues which LAFCo addressed during the processing of the City of San Bernardino and Twentynine Palms Water District fire reorganizations.

City of San Bernardino Fire Reorganization

In June 2014, Citygate Associates, a fire services consultant, completed a study evaluating the City of San Bernardino Fire Department. The study described the City's fire department and community as under "severe stress" from a combination of factors, including:

(1) a lack of economic investment, (2) the City's bankruptcy, and (3) a population experiencing high unemployment (and a low median income), placing additional strain on City social, recreation and social services. Staff reductions in the City Fire Department, combined with an exceptionally high volume of emergency medical calls and structure fires, resulted in longer response times which threatened the health, safety and welfare of the City of San Bernardino residents.

On May 18, 2015, the City adopted a Plan of Recovery and Plan of Adjustment in support of the City's efforts to emerge from bankruptcy. The Plan described in detail the City's inability to pay for adequate levels of municipal services, including fire protection and emergency medical services. Thereafter, the City conducted a Request for Proposal (RFP) process to outsource its fire protection and emergency medical response service. This process was fraught with legal questions, for the Superior and Bankruptcy courts, which were submitted by the Fire Union representatives and others. Ultimately, it was identified that annexation into the San Bernardino County Fire Protection District was the best option for the City. On August 24, 2015, the City Council of the City of San Bernardino initiated the annexation of its corporate territory to County Fire.

This approach allowed the City to take advantage of substantial economies of scale available from the District, including existing fire stations and personnel located close to the City. This approach also allowed the City to include its territory into one of County Fire's established fire zones with an existing special tax that is spread to City property owners to address service delivery costs. This strategy allowed the City to reduce the level of revenue currently allocated to fire service delivery and enable scarce revenue to be redirected to address other critical service needs in the community. It was a philosophically simple approach – provide the most efficient and effective means to continue the service through annexation to County Fire.

Simple in approach, but as for many LAFCo proposals, the “devil is in the details,” and this proposal had some of the most unique details ever encountered by LAFCo, including:

- Significant unfunded retirement obligations;
- Ongoing litigation between the City and the fire union over outsourcing fire responsibilities;
- Complex transfer of facilities, employees and benefits; and
- Transfer of an existing special tax to fund fire and emergency medical response services without a vote of landowners – while legal, it raised the level of controversy in an already contentious process.

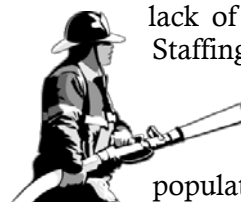
While challenging, each issue was addressed through the perseverance and creative problem solving efforts of LAFCo and all affected agencies in an overall effort to provide critical services to residents both effectively and efficiently.

Twentynine Palms Fire Department Fire Reorganization

In 1958, the Twentynine Palms County Water District began to provide fire protection services to the community of Twentynine Palms under the name Twentynine Palms Fire Department (TPFD), after the California Department of Forestry ceased providing local fire protection. Over time, the TPFD evolved into a two station, fully staffed Basic Life Support operation providing fire, rescue and EMS functions to the citizens of the City of Twentynine Palms and surrounding communities.

Through staff attrition and funding shortfalls, the foundation for the TPFD's fire and emergency services eroded over time. On June 1, 2013, the provision of fire protection and emergency medical services was reduced from two staffed fire stations to one staffed fire station due to the lack of a sustainable revenue source.

Staffing was reduced to five full time personnel augmented by a small “paid call” fire fighter and volunteer force to serve a population of 17,974 residents.



In June 2015, members from the Twentynine Palms City Council and the TPFD formed an ad hoc committee to discuss alternatives. Ultimately, the committee expressed support for a LAFCo application to annex the TPFD into

the San Bernardino County Fire District. Like the other fire reorganizations processed by San Bernardino LAFCo staff, the TPFD proposal was complex and required strategic and creative problem solving skills to keep the proposal moving forward.

One of the more complicated issues addressed by LAFCo on this proposal related to unfunded retirement obligations. At the outset of LAFCo's review, it was estimated that the unfunded retirement obligation for closure of the Safety portion of the TPFD's California Public Employee Retirement System (CALPERS) contract would be in the range of \$1,000,000, and LAFCo staff proposed the creation of a separate service zone to address that liability. Later, it was learned the amount was actually estimated at \$2.9 million, three times the original estimate, which set in motion fervent discussions on the best method to resolve this liability.

To resolve this situation, the Safety portion of the TPFD's PERS contract was placed in "inactive" status on the effective date of the reorganization, and the City agreed to assume the long-term obligation through a contractual relationship. This unprecedented mechanism to have an agency that is not directly affected by a jurisdictional change assuming an uncapped liability caused heartburn for LAFCo staff. This concern was tempered, however, by staff's primary concern – providing effective and sustainable emergency medical response and fire protection to the community and its residents.



primary concern – providing effective and sustainable emergency medical response and fire protection to the community and its residents.

The cumulative results of these efforts represent the best of what LAFCos can achieve – structurally reorganizing failing agencies that can no longer provide critical services into efficient and financially sustainable organizations to effectively serve the public long into the future and working collaboratively with the agencies involved to craft the solutions for that future. In addition, we don't expect 2016 to be the end of Fire Season in San Bernardino County.



CALAFCO Associate Member Corner

CALAFCO deeply appreciates our Associate Members and we thank you for your partnership and support.

This past year we welcomed several new Associate Members. All of these members' contact information is in the CALAFCO Directory as well as on the CALAFCO website.



New Gold Associate Member

CV Strategies

CV Strategies is a dedicated team



helping companies with strategic planning, communications and training. To learn more about their team and the services they offer, visit them at www.cvstrategies.com or contact Erin Gilhuly at erin@cvstrat.com.

New Silver Associate Members

Braitman & Associates

Fresh into retirement, Bob Braitman is now a Silver Associate Member. **Braitman & Associates** services include preparing municipal service reviews and spheres of influence, the analysis of proposed boundary changes and the extension of public services proposals in support of the efforts of LAFCo staffs. You can contact Bob at bob@braitmanconsulting.com.

Meijun, LLC

Meijun, LLC provides custom programming services and business solutions related to IT. They create websites, software applications, mobile engagement platforms and provide general consulting for



process improvement and streamlining information technology in the workplace. To learn more about them, visit them at www.meijun.cc or contact Huy Ly at hly@meijun.cc.

Rosenow Spevacek Group, Inc.

We welcome back to the CALAFCO family
Rosenow Spevacek Group, Inc., or RSG.



RSG is a creatively charged counterpart to California public agencies. They work with the people responsible for vibrant places and propel them to their goals. Better Communities. Bolder futures. To learn more about them visit their website at www.webrsg.com or contact Cassandra Ravenna at cravenna@webrsg.com.



These summaries are written by the Associate Members themselves, not CALAFCO, and can be found in the Membership Directory Associate Members section.



2017 STAFF WORKSHOP

April 5 - 7, 2017

DoubleTree by Hilton

Fresno, CA

Hosted by Fresno LAFCo

2017 ANNUAL CONFERENCE

October 25 – 27, 2017

Bahia Hotel, Mission Bay

San Diego, CA

Hosted by CALAFCO

2018 STAFF WORKSHOP

April 11 – 13, 2018

Four Points by Sheraton

San Rafael, CA

Hosted by Marin LAFCo

2018 ANNUAL CONFERENCE

October 3 – 5, 2018

Tenaya Lodge

Yosemite, CA

Hosted by CALAFCO

Thank You to All of Our Associate Members

CALAFCO GOLD ASSOCIATE MEMBERS



COLANTUONO
HIGHSMITH
WHATLEY, PC

CALAFCO SILVER ASSOCIATE MEMBERS

Berkson Associates
Braitman & Associates
City of Fontana
City of Rancho Mirage
County Sanitation Districts of L. A. County
Cucamonga Valley Water District
Dudek
E. Mulberg & Associates
Fresno County Fire Protection District
Goleta West Sanitary District
Griffith & Matsuda, a Professional Law Corp.
GST Consulting
HdL Coren & Cone
LACO Associates
Lamphier-Gregory
Marjorie Olsson Blom Consulting
Meijun, LLC
Planwest Partners, Inc.
Policy Consulting Associates
Quad Knopf
Rancho Mission Viejo
P. Scott Browne
Rosenow Spevacek Group (RSG)
Ukiah Valley Sanitation District

The Sphere

CALAFCO Journal

CALIFORNIA ASSOCIATION OF LOCAL AGENCY
FORMATION COMMISSIONS

1215 K Street, Suite 1650
Sacramento, CA 95814

www.calafco.org



CALAFCO provides educational, information sharing and technical support for its members by serving as a resource for, and collaborating with, the public, the legislative and executive branches of state government, and other organizations for the purpose of discouraging urban sprawl, preserving open-space and prime agricultural lands, and encouraging orderly growth and development of local agencies.

Sharing Information and Resources

The Year In Pictures *Scenes from CALAFCO Activities*

CALAFCO Annual Conference 2015 *Sacramento, CA*



CALAFCO Annual Staff Workshop 2016 *Universal City, CA*

