

**SACRAMENTO LOCAL AGENCY FORMATION COMMISSION**  
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December 5, 2007

TO: Sacramento Local Agency Formation Commission  
FROM: Peter Brundage, Executive Officer *PB*  
RE: Legislative Update

**CONTACT: Don Lockhart, AICP, Assistant Executive Officer (916) 874-2937**

**RECOMMENDATION**

Information only, no action is recommended. This report will be updated in February to reflect two-year "carry-over" and newly introduced LAFCo related legislation.

**SUMMARY**

The Board of Directors of the California Association of LAFCOs adopted the attached legislative policies and priorities on November 9, 2007, and requested that they be provided to all Commissions, and members of the legislature.

Also, the proposed AB 1263, which refines the elements that your Commission must consider during the Municipal Service Review (MSR) process encountered no opposition, and was amended into the CALAFCO Omnibus Bill AB 1744, which turn was signed by the Governor. Specific to the MSR process, the new legislative direction:

- 1) Places relatively more emphasis on projected population growth, adequacy of present and planned capacity of public facilities and public services, infrastructure needs, and operational efficiencies.
- 2) Places relatively less emphasis on government restructuring options, evaluation of management efficiencies, and local governance.

It continues to allow your Commission to consider other service-delivery factors relevant to the local communities served.

Staff will report back in February with proposed modifications to your locally adopted Sacramento LAFCo Municipal Service Review Guidelines and the Municipal Service

implement the new law. In the interest of moving the ahead with the MSR Workplan, we will continue to use the current format until the updates are adopted.

## **LEGISLATION**

### **AB 1263(Caballero) Local agency formation commissions: statement.**

**Last Amend:** 05/21/2007

**Summary:** This bill will implement the changes recommended by the Legislative Committee, based on the CALAFCo survey and discussions among member LAFCoS.

**Notes:** This bill is sponsored by CALAFCO and contains all the recommended changes to MSR/SOI determinations. The changes were based on several surveys of LAFCoS and a number of workshops and discussions with LAFCo staff and commissioners around the state. CALAFCO and OPR are seeking an amendment which would eliminate the requirement for OPR to prepare MSR Guidelines. Because this bill encountered no opposition, its contents were amended into the Omnibus Bill, AB 1744.

### **AB 1744(Committee on Local Government) Local government reorganization.**

**Last Amend:** 07/05/2007

**Status:** 09/06/2007-Enrolled and to the Governor at 6 p.m.

**Location:** 09/06/2007- CHAPTERED

**Summary:** Existing law, the Cortese-Knox-Hertzberg Local Government Reorganization Act of 2000, defines "prime agricultural land" to mean an area of land that has not been developed for a use other than an agricultural use, and that, among other qualifications, supports livestock used for the production of food and fiber, and that has an annual carrying capacity equivalent to at least one animal unit per acre, as defined in the United States Department of Agriculture in the National Handbook on Range and Related Grazing Lands, July 1967. This bill instead uses the National Range and Pasture Handbook, Revision 1, December 2003, to provide at least one animal unit per acre, as specified. It would also make various technical, nonsubstantive changes to the act. This bill contains other related provisions and other existing laws.

**Notes:** This is the Assembly Omnibus Bill for 2007, which contains technical, non-controversial changes to Cortese-Knox-Hertzberg. All of these items (to date) were submitted by the CALAFCO Legislative Committee. Only those items which receive a consensus of various stakeholders (outside of CALAFCO) will appear in the bill. CALAFCO has submitted 14 potential items. Items will be amended into the bill prior to its hearing at the Senate Local Government Committee on 20 June.

# CALAFCO Legislative Policies

Adopted by the Board of Directors on 9 November 2007



## 1. LAFCo Purpose and Authority

- 1.1. Support legislation which enhances LAFCo authority and powers to carryout the legislative findings and authority in Government Code §56000 et seq.
- 1.2. Support authority for each LAFCo to establish local policies to apply Government Code §56000 et seq. based on local needs and conditions, and oppose any limitations to that authority.
- 1.3. Oppose addition of unrelated responsibilities which dilute LAFCo ability to meet its primary missions.
- 1.4. Support alignment of responsibilities and authority of LAFCo and regional agencies which may have overlapping responsibilities in orderly growth, preservation and service delivery, and oppose legislation or policies which create conflicts or hamper those responsibilities.
- 1.5. Oppose grants of special status to any individual agency or proposal to circumvent the LAFCo process.
- 1.6. Support individual commissioner responsibility that allows each commissioner to independently vote his or her conscience on issues affecting their own jurisdiction.

## 2. LAFCo Organization

- 2.1. Support the independence of LAFCo from local agencies.
- 2.2. Oppose the recomposition of any or all LAFCos without respect to the existing balance of powers that has evolved within each commission or the creation of specials seats on a LAFCo.
- 2.3. Support representation of special districts on all LAFCos with

independent districts and oppose removal of special districts from any LAFCo.

- 2.4. Support communication and collaborative decision making among neighboring LAFCos when growth pressures and multicounty agencies extend beyond a LAFCo's boundaries.

## 3. Agricultural and Open Space Protection

- 3.1. Support legislation which clarifies LAFCo authority to identify, encourage and mitigate the preservation of agricultural and open space lands.
- 3.2. Encourage a consistent definition of agricultural and open spaces lands in law and application.
- 3.3. Support policies which encourage cities, counties and special districts to direct development away from prime agricultural lands.

## 4. Orderly Growth

- 4.1. Support the recognition and use of spheres of influence as the management tool to provide better planning of growth and development, and to preserve agricultural and open space.
- 4.2. Support adoption of LAFCo spheres by other agencies involved in determining long-term growth and infrastructure plans.
- 4.3. Support orderly boundaries of local agencies and the elimination of islands within the boundaries of agencies.
- 4.4. Support communication between cities, counties, and districts through a collaborative process that resolves service, housing, land use, and fiscal issues prior to application to LAFCo.

BILL NUMBER: AB 1744 CHAPTERED  
BILL TEXT

CHAPTER 244  
FILED WITH SECRETARY OF STATE SEPTEMBER 26, 2007  
APPROVED BY GOVERNOR SEPTEMBER 26, 2007  
PASSED THE SENATE AUGUST 27, 2007  
PASSED THE ASSEMBLY AUGUST 30, 2007  
AMENDED IN SENATE JULY 5, 2007  
AMENDED IN ASSEMBLY MAY 7, 2007

INTRODUCED BY Committee on Local Government (Caballero (Chair),  
Houston (Vice Chair), De La Torre, Lieber, Saldana, Smyth, and Soto)

MARCH 22, 2007

An act to amend Sections 56011, 56036, 56064, 56157, 56332, 56381, 56430, 56663, 56811, and 57200 of the Government Code, and to amend Sections 1 and 2 of Chapter 805 of the Statutes of 2004, relating to local government reorganization.

LEGISLATIVE COUNSEL'S DIGEST

AB 1744, Committee on Local Government. Local government reorganization.

(1) Existing law, the Cortese-Knox-Hertzberg Local Government Reorganization Act of 2000, defines "prime agricultural land" to mean an area of land that has not been developed for a use other than an agricultural use, and that, among other qualifications, supports livestock used for the production of food and fiber, and that has an annual carrying capacity equivalent to at least one animal unit per acre, as defined in the United States Department of Agriculture in the National Handbook on Range and Related Grazing Lands, July 1967.

This bill would instead use the National Range and Pasture Handbook, Revision 1, December 2003, to provide at least one animal unit per acre, as specified. It would also make various technical, nonsubstantive changes to the act.

(2) Existing law, when mailed written notice is required under the act to be provided to landowners or to all registered voters within an affected area, and the number of notices required to be mailed exceeds 1,000, authorizes notice of the hearing to be mailed or delivered at least 10 days prior to the hearing to each local agency expected to provide water, sewage, streets, roads, schools, or other essential facilities or services to the project, whose ability to provide those facilities and services may be significantly affected, in place of other specified notice procedures.

This bill would instead authorize notice to be provided by publishing a display advertisement of at least 1/8 page in one or more newspapers of general circulation within each affected county, affected city, or affected district, at least 21 days prior to the hearing.

(3) Existing law specifies the procedures for selecting members and filling vacancies for independent special district selection committees.

This bill would, where a vacancy occurs and only one candidate is

nominated for a vacant seat, require that candidate to be deemed selected with no further proceedings.

(3) Existing law requires a local agency formation commission to annually adopt, following noticed public hearings, a proposed budget by May 1 and a final budget by June 15, and requires the commission to transmit its proposed and final budgets to the board of supervisors, each city, the clerk and chair of the city selection committee, if any, each independent special district, and to the clerk and chair of the independent special district selection committee, if any.

This bill would instead require the local agency formation commission to transmit its proposed and final budgets to the board of supervisors, each city, and each independent special district.

(4) Existing law requires a local agency formation commission to prepare and update applicable spheres of influence, and requires the commission to conduct a service review of the municipal services provided in the county or other appropriate area designated by the commission, and requires the commission to prepare a written statement of its determinations with respect to various criteria.

This bill would revise the criteria required in the written statement prepared by the commission.

(5) Existing law requires a legislative body adopting a resolution of application for the annexation of territory, as specified, to conduct a public hearing on the resolution prior to submission of the resolution to the local agency formation commission, and requires notice of the hearing on the resolution to be published, as specified.

This bill would also require mailed notice to be provided to landowners in accordance with certain criteria.

(6) Existing law requires the executive officer of a commission to prepare and execute a certificate of completion and to make specified findings immediately after completion of proceedings ordering a change of organization or reorganization without election or confirming an order for a change of organization or reorganization after confirmation by the voters.

This bill would instead require the executive officer to prepare and execute a certificate of completion and to make specified findings upon the completion of all commission proceedings for a change of organization or reorganization, as specified, and the satisfaction of any conditions contained in the commission resolution making determinations that are required to be completed prior to filing a certificate of completion.

(7) Existing law, until December 31, 2007, prohibits the local agency formation commission in Ventura County from imposing a condition that requires the City of Simi Valley to initiate proceedings on a proposal for a change of organization or reorganization unless the territory that would be affected is contiguous and physically related to the affected territory.

This bill would extend the operation of this prohibition to December 31, 2014, and would make legislative findings regarding the necessity for a special statute.

(8) Existing law specifies the number, selection, and terms of the members of a local agency formation commission, including the alternate public member of a commission.

This bill would extend the current term of office of the alternate public member of the Santa Barbara Local Agency Formation Commission to March 1, 2009, and would make legislative findings regarding the

necessity for a special statute.

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

SECTION 1. Section 56011 of the Government Code is amended to read:

56011. "Affected city" means any city that satisfies either of the following conditions:

(a) It contains, or its sphere of influence contains, territory for which a change of organization is proposed or ordered either singularly or as part of a reorganization.

(b) It would contain the territory described in subdivision (a) as a result of proceedings for a change of organization or reorganization taken pursuant to this division.

SEC. 2. Section 56036 of the Government Code is amended to read:

56036. (a) "District" or "special district" means an agency of the state, formed pursuant to general law or special act, for the local performance of governmental or proprietary functions within limited boundaries. "District" or "special district" includes a county service area, but excludes all of the following:

(1) The state.

(2) A county.

(3) A city.

(4) A school district or a community college district.

(5) A special assessment district.

(6) An improvement district.

(7) A community facilities district formed pursuant to the Mello-Roos Community Facilities Act of 1982, Chapter 2.5 (commencing with Section 53311) of Part 1 of Division 2 of Title 5.

(8) A permanent road division formed pursuant to Article 3 (commencing with Section 1160) of Chapter 4 of Division 2 of the Streets and Highways Code.

(9) An air pollution control district or an air quality maintenance district.

(10) A zone of any special district, including but not limited to the following:

(A) A fire protection district.

(B) A mosquito abatement and vector control district.

(C) A public cemetery district.

(D) A recreation and park district.

(E) A community services district.

(b) Except as otherwise provided in paragraph (1), each of the entities listed in paragraph (1) is a "district" or a "special district" for the purposes of this division.

(1) For the purposes of Chapter 1 (commencing with Section 57000) to Chapter 7 (commencing with Section 57176), inclusive, of Part 4 or Part 5 (commencing with Section 57300), none of the following entities is a "district" or a "special district":

(A) A unified or union high school library district.

(B) A bridge and highway district.

(C) A joint highway district.

(D) A transit or rapid transit district.

(E) A metropolitan water district.

(F) A separation of grade district.

(2) Any proceedings pursuant to Part 4 (commencing with Section 57000) for a change of organization involving an entity described in

paragraph (1) shall be conducted pursuant to the principal act authorizing the establishment of that entity.

(c) Except as otherwise provided in paragraph (1), each of the entities listed in paragraph (1) is a "district" or "special district" for purposes of this division.

(1) For the purposes of Chapter 1 (commencing with Section 57000) to Chapter 7 (commencing with Section 57176), inclusive, of Part 4 or Part 5 (commencing with Section 57300), none of the following entities is a "district" or "special district" if the commission of the principal county determines, in accordance with Sections 56127 and 56128, that the entity is not a "district" or "special district":

- (A) A flood control district.
- (B) A flood control and floodwater conservation district.
- (C) A flood control and water conservation district.
- (D) A conservation district.
- (E) A water conservation district.
- (F) A water replenishment district.
- (G) The Orange County Water District.
- (H) A California water storage district.
- (I) A water agency.
- (J) A county water authority or a water authority.

(2) If the commission determines that an entity described in paragraph (1) is not a "district" or "special district," any proceedings pursuant to Part 4 (commencing with Section 57000) for a change of organization involving the entity shall be conducted pursuant to the principal act authorizing the establishment of that entity.

SEC. 3. Section 56064 of the Government Code is amended to read:

56064. "Prime agricultural land" means an area of land, whether a single parcel or contiguous parcels, that has not been developed for a use other than an agricultural use and that meets any of the following qualifications:

(a) Land that qualifies, if irrigated, for rating as class I or class II in the USDA Natural Resources Conservation Service land use capability classification, whether or not land is actually irrigated, provided that irrigation is feasible.

(b) Land that qualifies for rating 80 through 100 Storie Index Rating.

(c) Land that supports livestock used for the production of food and fiber and that has an annual carrying capacity equivalent to at least one animal unit per acre as defined by the United States Department of Agriculture in the National Range and Pasture Handbook, Revision 1, December 2003.

(d) Land planted with fruit or nut-bearing trees, vines, bushes, or crops that have a nonbearing period of less than five years and that will return during the commercial bearing period on an annual basis from the production of unprocessed agricultural plant production not less than four hundred dollars (\$400) per acre.

(e) Land that has returned from the production of unprocessed agricultural plant products an annual gross value of not less than four hundred dollars (\$400) per acre for three of the previous five calendar years.

SEC. 4. Section 56157 of the Government Code is amended to read:

56157. When mailed notice is required to be given to:

(a) A county, city, or district, it shall be addressed to the clerk of the county, city, or district.

(b) A commission, it shall be addressed to the executive officer.

(c) Proponents, it shall be addressed to the persons so designated in the petition at the address specified in the petition.

(d) Landowners, it shall be addressed to each person to whom land is assessed, as shown upon the most recent assessment roll being prepared by the county at the time the proponent adopts a resolution of application pursuant to Section 56654 or files a notice of intention to circulate a petition with the executive officer pursuant to subdivision (a) of Section 56700.4, at the address shown upon the assessment roll and to all landowners within 300 feet of the exterior boundary of the property that is the subject of the hearing at least 21 days prior to the hearing. This requirement may be waived if proof satisfactory to the commission is presented that shows that individual notices to landowners have already been provided by the initiating agency. Notice also shall be either posted or published in accordance with Section 56153 in a newspaper of general circulation that is circulated within the affected territory 21 days prior to the hearing.

(e) Persons requesting special notice, it shall be addressed to each person who has filed a written request for special notice with the executive officer or clerk at the mailing address specified in the request.

(f) To all registered voters within the affected territory, to the address as shown on the most recent index of affidavits prepared by the county elections official at the time the proponent adopts a resolution of application pursuant to Section 56654 or files a notice of intention to circulate a petition with the executive officer pursuant to subdivision (a) of Section 56700.4 and to all registered voters within 300 feet of the exterior boundary of the property that is the subject of the hearing at least 21 days prior to the hearing. This requirement may be waived if proof satisfactory to the commission is presented that shows that individual notices to registered voters have already been provided by the initiating agency. Notice shall also either be posted or published in accordance with Section 56153 in a newspaper of general circulation that is circulated within the affected territory 21 days prior to the hearing.

(g) If the total number of notices required to be mailed in accordance with subdivisions (d) and (f) exceeds 1,000, then notice may instead be provided by publishing a display advertisement of at least one-eighth page in a newspaper, as specified in Section 56153, at least 21 days prior to the hearing.

SEC. 5. Section 56332 of the Government Code is amended to read:

56332. (a) The independent special district selection committee shall consist of the presiding officer of the legislative body of each independent special district. However, if the presiding officer of an independent special district is unable to attend a meeting of the independent special district selection committee, the legislative body of the district may appoint one of its members to attend the meeting of the selection committee in the presiding officer's place. Those districts shall include districts located wholly within the county and those containing territory within the county representing 50 percent or more of the assessed value of taxable property of the district, as shown on the last equalized county assessment roll. Each member of the committee shall be entitled to one vote for each independent special district of which he or she is the presiding officer. Members representing a majority of the eligible districts shall constitute a quorum.



(b) The executive officer shall call and give written notice of all meetings of the members of the selection committee. A meeting shall be called and held under either of the following circumstances:

(1) Whenever a vacancy exists among the members or alternate members representing independent special districts upon the commission.

(2) Upon receipt of a written request by one or more members of the selection committee representing districts having 10 percent or more of the assessed value of taxable property within the county, as shown on the last equalized county assessment roll.

(c) (1) If the executive officer determines that a meeting of the special district selection committee, for the purpose of selecting the special district representatives or for filling a vacancy, is not feasible, the executive officer may conduct the business of the committee in writing, as provided in this subdivision. The executive officer may call for nominations to be submitted in writing within 30 days. At the end of the nominating period, the executive officer shall prepare and deliver, or send by certified mail, to each independent special district one ballot and voting instructions. If only one candidate is nominated for a vacant seat, that candidate shall be deemed selected, with no further proceedings.

(2) As an alternative to the delivery or certified mail, the executive officer, with the prior concurrence of the district, may transmit the ballot and voting instructions by electronic mail, provided that the executive officer shall retain written evidence of the receipt of that material.

(3) The ballot shall include the names of all nominees and the office for which each was nominated. The districts shall return the ballots to the executive officer by the date specified in the voting instructions, which date shall be at least 30 days from the date on which the executive officer mailed the ballots to the districts.

(4) If the executive officer has transmitted the ballot and voting instructions by electronic mail, the districts may return the ballots to the executive officer by electronic mail, provided that the executive officer retains written evidence of the receipt of the ballot.

(5) Any ballot received by the executive officer after the specified date is invalid. The executive officer shall announce the results of the election within seven days of the specified date.

(d) The selection committee shall appoint two regular members and one alternate member to the commission. The members so appointed shall be elected or appointed special district officers residing within the county but shall not be members of the legislative body of a city or county. If one of the regular district members is absent from a commission meeting or disqualifies himself or herself from participating in a meeting, the alternate district member may serve and vote in place of the regular district member for that meeting. The representation by a regular district member who is a special district officer shall not disqualify, or be cause for disqualification of, the member from acting on a proposal affecting the special district. The special district selection committee may, at the time it appoints a member or alternate, provide that the member or alternate is disqualified from voting on proposals affecting the district of which the member is a representative.

(e) If the office of a regular district member becomes vacant, the alternate member may serve and vote in place of the former regular district member until the appointment and qualification of a regular

district member to fill the vacancy.

SEC. 6. Section 56381 of the Government Code is amended to read:

56381. (a) The commission shall adopt annually, following noticed public hearings, a proposed budget by May 1 and final budget by June 15. At a minimum, the proposed and final budget shall be equal to the budget adopted for the previous fiscal year unless the commission finds that reduced staffing or program costs will nevertheless allow the commission to fulfill the purposes and programs of this chapter. The commission shall transmit its proposed and final budgets to the board of supervisors, to each city, and to each independent special district.

(b) After public hearings, consideration of comments, and adoption of a final budget by the commission pursuant to subdivision (a), the auditor shall apportion the net operating expenses of a commission in the following manner:

(1) (A) In counties in which there is city and independent special district representation on the commission, the county, cities, and independent special districts shall each provide a one-third share of the commission's operational costs.

(B) The cities' share shall be apportioned in proportion to each city's total revenues, as reported in the most recent edition of the Cities Annual Report published by the Controller, as a percentage of the combined city revenues within a county, or by an alternative method approved by a majority of cities representing the majority of the combined cities' populations.

(C) The independent special districts' share shall be apportioned in proportion to each district's total revenues as a percentage of the combined total district revenues within a county. Except as provided in subparagraph (D), an independent special district's total revenue shall be calculated for nonenterprise activities as total revenues for general purpose transactions less revenue category aid from other governmental agencies and for enterprise activities as total operating and nonoperating revenues less revenue category other governmental agencies, as reported in the most recent edition of the "Special Districts Annual Report" published by the Controller, or by an alternative method approved by a majority of the agencies, representing a majority of their combined populations. For the purposes of fulfilling the requirement of this section, a multicounty independent special district shall be required to pay its apportionment in its principal county. It is the intent of the Legislature that no single district or class or type of district shall bear a disproportionate amount of the district share of costs.

(D) (i) For purposes of apportioning costs to a health care district formed pursuant to Division 23 (commencing with Section 32000) of the Health and Safety Code that operates a hospital, a health care district's share, except as provided in clauses (ii) and (iii), shall be apportioned in proportion to each district's net from operations as reported in the most recent edition of the hospital financial disclosure report form published by the Office of Statewide Health Planning and Development, as a percentage of the combined independent special districts' net operating revenues within a county.

(ii) A health care district for which net from operations is a negative number may not be apportioned any share of the commission's operational costs until the fiscal year following positive net from operations, as reported in the most recent edition of the hospital financial disclosure report form published by the Office of Statewide

Health Planning and Development.

(iii) A health care district that has filed and is operating under public entity bankruptcy pursuant to federal bankruptcy law, shall not be apportioned any share of the commission's operational costs until the fiscal year following its discharge from bankruptcy.

(iv) As used in this subparagraph "net from operations" means total operating revenue less total operating expenses.

(E) Notwithstanding the requirements of subparagraph (C), the independent special districts' share may be apportioned by an alternative method approved by a majority of the districts, representing a majority of the combined populations. However, in no event shall an individual district's apportionment exceed the amount that would be calculated pursuant to subparagraphs (C) and (D), or in excess of 50 percent of the total independent special districts' share, without the consent of that district.

(F) Notwithstanding the requirements of subparagraph (C), no independent special district shall be apportioned a share of more than 50 percent of the total independent special districts' share of the commission's operational costs, without the consent of the district as otherwise provided in this section. In those counties in which a district's share is limited to 50 percent of the total independent special districts' share of the commission's operational costs, the share of the remaining districts shall be increased on a proportional basis so that the total amount for all districts equals the share apportioned by the auditor to independent special districts.

(2) In counties in which there is no independent special district representation on the commission, the county and its cities shall each provide a one-half share of the commission's operational costs. The cities' share shall be apportioned in the manner described in paragraph (1).

(3) In counties in which there are no cities, the county and its special districts shall each provide a one-half share of the commission's operational costs. The independent special districts' share shall be apportioned in the manner described for cities' apportionment in paragraph (1). If there is no independent special district representation on the commission, the county shall pay all of the commission's operational costs.

(4) Instead of determining apportionment pursuant to paragraph (1), (2), or (3), any alternative method of apportionment of the net operating expenses of the commission may be used if approved by a majority vote of each of the following: the board of supervisors; a majority of the cities representing a majority of the total population of cities in the county; and the independent special districts representing a majority of the combined total population of independent special districts in the county. However, in no event shall an individual district's apportionment exceed the amount that would be calculated pursuant to subparagraphs (C) and (D) of paragraph (1), or in excess of 50 percent of the total independent special districts' share, without the consent of that district.

(c) After apportioning the costs as required in subdivision (b), the auditor shall request payment from the board of supervisors and from each city and each independent special district no later than July 1 of each year for the amount that entity owes and the actual administrative costs incurred by the auditor in apportioning costs and requesting payment from each entity. If the county, a city, or an independent special district does not remit its required payment

within 60 days, the commission may determine an appropriate method of collecting the required payment, including a request to the auditor to collect an equivalent amount from the property tax, or any fee or eligible revenue owed to the county, city, or district. The auditor shall provide written notice to the county, city, or district prior to appropriating a share of the property tax or other revenue to the commission for the payment due the commission pursuant to this section. Any expenses incurred by the commission or the auditor in collecting late payments or successfully challenging nonpayment shall be added to the payment owed to the commission. Between the beginning of the fiscal year and the time the auditor receives payment from each affected city and district, the board of supervisors shall transmit funds to the commission sufficient to cover the first two months of the commission's operating expenses as specified by the commission. When the city and district payments are received by the commission, the county's portion of the commission's annual operating expenses shall be credited with funds already received from the county. If, at the end of the fiscal year, the commission has funds in excess of what it needs, the commission may retain those funds and calculate them into the following fiscal year's budget. If, during the fiscal year, the commission is without adequate funds to operate, the board of supervisors may loan the commission funds. The commission shall appropriate sufficient funds in its budget for the subsequent fiscal year to repay the loan.

SEC. 7. Section 56430 of the Government Code is amended to read:

56430. (a) In order to prepare and to update spheres of influence in accordance with Section 56425, the commission shall conduct a service review of the municipal services provided in the county or other appropriate area designated by the commission. The commission shall include in the area designated for service review the county, the region, the subregion, or any other geographic area as is appropriate for an analysis of the service or services to be reviewed, and shall prepare a written statement of its determinations with respect to each of the following:

(1) Growth and population projections for the affected area.

(2) Present and planned capacity of public facilities and adequacy of public services, including infrastructure needs or deficiencies.

(3) Financial ability of agencies to provide services.

(4) Status of, and opportunities for, shared facilities.

(5) Accountability for community service needs, including governmental structure and operational efficiencies.

(6) Any other matter related to effective or efficient service delivery, as required by commission policy.

(b) In conducting a service review, the commission shall comprehensively review all of the agencies that provide the identified service or services within the designated geographic area.

(c) The commission shall conduct a service review before, or in conjunction with, but no later than the time it is considering an action to establish a sphere of influence in accordance with Section 56425 or Section 56426.5 or to update a sphere of influence pursuant to Section 56425.

SEC. 8. Section 56663 of the Government Code is amended to read:

56663. (a) If a petition for an annexation, a detachment, or a reorganization consisting solely of annexations or detachments, or both, or the formation of a county service area is signed by all of the owners of land within the affected territory of the proposed change of organization or reorganization, or if a resolution of

application by a legislative body of an affected district, affected county, or affected city making a proposal for an annexation or detachment, or for a reorganization consisting solely of annexations or detachments, or both, or the formation of a county service area is accompanied by proof, satisfactory to the commission, that all the owners of land within the affected territory have given their written consent to that change of organization or reorganization, the commission may approve or disapprove the change of organization or reorganization, without notice and hearing by the commission. In those cases, the commission may also approve and conduct proceedings for the change of organization or reorganization under any of the following conditions:

- (1) Without notice and hearing.
- (2) Without an election.
- (3) Without notice, hearing, or an election.

(b) The executive officer shall give any affected agency mailed notice of the filing of the petition or resolution of application initiating proceedings by the commission. The commission shall not, without the written consent of the subject agency, take any further action on the petition or resolution of application for 10 days following that mailing. Upon written demand by an affected local agency, filed with the executive officer during that 10-day period, the commission shall make determinations upon the petition or resolution of application only after notice and hearing on the petition or resolution of application. If no written demand is filed, the commission may make those determinations without notice and hearing. By written consent, which may be filed with the executive officer at any time, a subject agency may do any of the following:

- (1) Waive the requirement of mailed notice.
- (2) Consent to the commission making determinations without notice and hearing.
- (3) Waive the requirement of mailed notice and consent to the commission making determinations without notice and hearing.

(c) In the case of uninhabited territory, the commission may waive protest proceedings pursuant to Part 4 (commencing with Section 57000) entirely if both of the following apply:

(1) All the owners of land within the affected territory have given their written consent to the change of organization or reorganization.

(2) No subject agency has submitted written opposition to a waiver of protest proceedings.

(d) In the case of inhabited city and district annexations or detachments, or both, the commission may waive protest proceedings pursuant to Part 4 (commencing with Section 57000) entirely if both of the following conditions apply:

(1) The commission has provided written notice of commission proceedings to all registered voters and landowners within the affected territory and no written opposition from registered voters or landowners within the affected territory is received prior to the conclusion of the commission hearing. The written notice shall disclose to the registered voters and landowners that unless written opposition is received regarding the proposal or the commission's intention to waive protest proceedings, that there will be no subsequent protest and election proceedings.

(2) No subject agency has submitted written opposition to a waiver of protest proceedings.

SEC. 9. Section 56811 of the Government Code is amended to read:

56811. (a) If a proposal includes the formation of a new special district, the commission shall determine the appropriations limit of the district in accordance with Section 7902.7 and Article XIII B of the California Constitution. The commission shall determine the provisional appropriations limit of the district in the following manner:

(1) Estimate the amount of revenue anticipated to be received by the district from the proceeds of taxes for the first full fiscal year of operation.

(2) Adjust the amount determined in paragraph (1) for the estimated change in the cost of living and population in the next full fiscal year of operation and any other changes that may be required or permitted by Article XIII B of the California Constitution.

(b) The governing body of the district shall determine the proposed permanent appropriations limit of the district to be submitted to the voters in the following manner:

(1) Determine the amount of revenue actually received by the district from the proceeds of taxes for the first full fiscal year of operation.

(2) Adjust the amount determined in paragraph (1) for the estimated change in the cost of living and population in the next full fiscal year of operation and any other changes that may be required or permitted by Article XIII B of the California Constitution.

(c) The permanent appropriations limit of the district shall be set at the first district election that is held following the first full fiscal year of operation and shall not be considered to be a change in the appropriations limit of the district pursuant to Section 4 of Article XIII B of the California Constitution.

SEC. 10. Section 57200 of the Government Code is amended to read:

57200. (a) The executive officer shall prepare and execute a certificate of completion and shall make the filing required by this division upon all of the following:

(1) The completion of all commission actions pursuant to Part 3 (commencing with Section 56650), including the time period allowed to file and act upon requests for reconsideration pursuant to Section 56895.

(2) The satisfaction of any conditions contained in the commission resolution making determinations that are required to be completed prior to filing a certificate of completion.

(3) The completion of all proceedings pursuant to Part 4 (commencing with Section 57000).

(b) Whenever the commission approves the inclusion of any territory of a landscape and lighting assessment district within a city, the executive officer shall notify the clerk of the landscape and lighting assessment district or other person designated by the district to receive notification.

SEC. 11. Section 1 of Chapter 805 of the Statutes of 2004 is amended to read:

Section 1. Notwithstanding any other provision of law, on or before December 31, 2014, the local agency formation commission in the County of Ventura shall not impose a condition that requires the City of Simi Valley to initiate proceedings on a proposal for a change of organization or reorganization pursuant to paragraph (3) of subdivision (a) of Section 56375 of the Government Code or pursuant to Section 56375.3 of the Government Code unless the territory that

would be affected is contiguous and physically related to the affected territory.

SEC. 12. Section 2 of Chapter 805 of the Statutes of 2004 is amended to read:

Sec. 2. The Legislature finds and declares that a special law is necessary and that a general law cannot be made applicable within the meaning of Section 16 of Article IV of the California Constitution because of the unique circumstances of the City of Simi Valley. The facts constituting the special circumstances are:

There are seven areas of unincorporated territory that are surrounded or substantially surrounded by the City of Simi Valley. The city intends to explore the possibility of annexing those unincorporated territories. The Legislature wants to allow city officials, property owners, and residents to discuss those possible annexations without undue influence.

SEC. 13. (a) Notwithstanding any other law, the current term of office of the alternate public member of the Santa Barbara Local Agency Formation Commission is hereby extended to March 1, 2009.

(b) The Legislature finds and declares that a special law is necessary and that a general law cannot be made applicable within the meaning of Section 16 of Article IV of the California Constitution because of the unique circumstances of the Santa Barbara Local Agency Formation Commission. The facts constituting the special circumstances are:

The current term of office of the public member of the Santa Barbara Local Agency Formation Commission expires on March 1, 2009. The current term of the alternate public member of the Santa Barbara Local Agency Formation Commission expires on March 1, 2008. It is the desire of the city, county, and special district members of the Santa Barbara Local Agency Formation Commission, which appoint the public and alternate public members of the commission, to have the terms of office of the public member and alternate public member expire at the same time.