

SACRAMENTO LOCAL AGENCY FORMATION COMMISSION
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December 4, 2013

TO: Sacramento Local Agency Formation Commission

FROM: Peter Brundage, Executive Officer

RE: DISINCORPORATION PROCESS

CONTACT: Don Lockhart AICP, Assistant Executive Officer
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EXECUTIVE OFFICER'S RECOMMENDATION:

No action is recommended. This report is provided for Commission information.

SUMMARY

This matter was introduced for discussion by Commissioner Peters at the October 2, regular meeting. At that time it was noted that it may be appropriate to revisit current statute governing the city disincorporation process.

DISCUSSION

As your Commission is aware, the Cortese-Knox-Hertzberg Local Government Reorganization Act of 2000 (Act) establishes procedures for local government changes of organization, including city disincorporation. "Disincorporation" means the dissolution, extinguishment, or termination of the existence of a city and the cessation of its corporate powers, except for the purpose of winding up the affairs of the city.

Fifty years ago, in 1963, the legislature passed the Knox-Nisbet Act which established and defined the purposes of LAFCo. Two years later, the legislature also passed the District Reorganization Act of 1965 (DRA,) and in 1977 passed the Municipal Organization Act (MORGA) which also affected LAFCo procedures. In 1985, the Legislature passed the Cortese-Knox Local Government Reorganization Act to combine all three LAFCo laws into one statute. That in turn was updated in 2000 with the adoption of the current Act.

The disincorporation process appears to have simply been carried forward from the predecessor legislation, and has not been thoroughly revisited to reflect the various changes in revenue collection, such as the 1978 Proposition 13, and other pertinent LAFCo related legislation. This may be attributed to the fact only one city has ever had the disincorporation process applied. That was the Riverside County town of Cabazon, in 1972.

The statewide California Association of LAFCOs (CALAFCO) provides leadership in addressing legislative matters regarding the implementation of the mission of LAFCo. Commissioner Jones is a CALACO Board member, and also serves on the CALAFCO Legislative Committee. The Committee meets regularly when the legislature is in session. The next meeting is scheduled for Monday, November 25. The matter of updating the disincorporation process is on that meeting agenda. Your staff will coordinate with CALAFCO as this update effort is undertaken. We will keep your Commission apprised of the work of CALAFCO in this process.

Also, at the direction of your Commission, staff has contacted Riverside, Orange and San Bernardino LAFCOs to discuss the status of any disincorporation activity in those counties. While all three LAFCo's are tracking the matter, only Riverside LAFCo foresees any city contemplating disincorporation, Jurupa Valley, incorporated in 2011. That city has been most adversely impacted by recent legislation that altered the formula for the distribution of Vehicle License Fees (VLF) for cities incorporated after 2004. Your staff will also monitor that situation, and keep your Commission apprised of any developments.

Respectfully,

SACRAMENTO LOCAL AGENCY FORMATION COMMISSION

Peter Brundage
Executive Officer

DL/dl
(Agenda Item 8_Dec. 4_2013)