

## MEETING AGENDA



**Del Norte Local Agency Formation Commission**  
**SPECIAL MEETING**  
*In Person: Del Norte County Board of Supervisors Chambers*  
*Flynn Center - 981 H St. Crescent City, CA 95531*  
**April 1, 2024, 4:00 pm**

1. Call to Order/Roll Call/ Commission Introductions & Appointments
  - A. Pledge of Allegiance
2. Public Hearings
  - A. Klamath Community Services District Annexation and SOI Amendment (ATTACHMENT 2A)
3. Regular Business
  - A. Draft Minutes February 26 2024 (ATTACHMENT 3A)
  - B. (Smith River FPD Annexation – Amended Application Filing by Board Resolution (ATTACHMENT 3B)
  - C. Klamath FPD Fire Services Plan – Update (ATTACHMENT 3C)
  - D. AB 3277 Support (ATTACHMENT 3D)
  - E. SB 1209 Support (ATTACHMENT 3E)
4. Inquiries, Correspondence, Application Status and Referrals
  - A. Staff - The Executive Officer will provide a report of current projects, issues of interest, and pending legislation.
    - HRC CSD water system update
    - FY 2024-25 Budget Process
  - B. Commission - On their own initiative, Commission members may make brief announcements or reports on their own activities. They may ask questions for clarification, make a referral to staff or request a business matter for a future agenda per Government Code Section 54954.2 (a).
  - C. Public - Public comment on items of interest within LAFCo subject matter jurisdiction, and not otherwise appearing on the agenda. No action may be taken on any item not appearing on the agenda.
5. Adjournment

Next Meeting scheduled for April 22, 2024, unless alternate date scheduled.



**DEL NORTE LOCAL AGENCY FORMATION COMMISSION**

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Arcata, California 95521  
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**Agenda Item: 2A**

**Meeting Date:** April 1, 2024  
**From:** George Williamson AICP, Executive Officer  
**Subject:** Proposed Annexation and Sphere of Influence Amendment  
**Two Hearings:** CEQA Exemption  
Klamath Community Services District Annexation/ SOI Amendment

LAFCOs are responsible under the Cortese-Knox-Hertzberg Local Government Reorganization Act of 2000 to regulate the formation and development of local governmental agencies and their municipal services. This includes approving or disapproving proposed changes of organization, such as boundary changes, consistent with adopted policies and procedures pursuant to California Government Code (G.C.) § 56375. LAFCOs are authorized with broad discretion in amending and conditioning changes of organization as long as they do not directly regulate land use, property development, or subdivision requirements.

**The Commission will consider a proposal submitted by resolution of application from the Klamath Community Services District Board of Directors for annexation of former Del Ponte Water Company territory in Del Norte County and Sphere of Influence Amendment.**

Territory proposed to be annexed covers approximately 42.2 acres. Public notice of the proposed annexation was provided by posted online/published notice in Del Norte Triplicate, posted to the Del Norte LAFCo website and mailed to property owners and registered voters within 300 feet of the proposed annexation on March 11 and 18, 2024.

**Land Use Designations**

Land uses within the proposed annexation area are subject to the Del Norte County General Plan and Zoning regulations. The Del Norte County General Plan identifies the proposed annexation territory as having the following land use designations: Timberland (0.05 acres), Visitor-Serving Commercial (24.21 acres), Resource Conservation Area (2.23 acres), General Commercial (8.63 acres), and General Industrial (7.03 acres). The land proposed to be included in the District’s SOI has the following land use designations: Tribal Lands (0.09 acres), General Commercial (0.59 acres), General Industrial (1.49 acres), and Timberland (42.29 acres).

**Provision of Public Services**

This proposed annexation was previously filed with Del Norte LAFCo but never completed. A new application was submitted by CSD Board Resolution of Application: Klamath CSD Resolution 2022-03. This Resolution included the following plan for services provisions for the Del Ponte Water System (DPWS) operations / infrastructure transfer:

1. All DPWS physical assets are deemed transferred to Klamath CSD ownership. Lateral connections to the individual property's services shall remain the property owners' responsibility. Assets to be transferred shall include all pumps, water transmission lines, outbuildings, valves and other water system improvements associated with the DPWS system.

2. Vehicles, tools, and equipment used for providing water services.
3. All water rights held by DPWS.
4. DPWS will provide Klamath CSD with all available plans, as-builts, drawings, maps, specifications, inspection reports, videos, and repair records applicable to the area to be annexed. Defects may be reviewed by the DPWS and the Klamath CSD before the Klamath CSD accepts ownership of any water transmission lines or pumping stations.
5. As-built drawings and reports of the current DPWS water system.
6. All billing and customer records and related financial information.
7. Easements for water lines and related improvements shall be transferred to the Klamath CSD.
8. Any other physical property utilized for providing water.

Resolution 2022-13 included other transfer provisions not directly related to operations and water services. The DPWS did not provide any wastewater services.

### **Reasons for Proposal**

The reasons for the consolidation as set forth in the proposal to LAFCO are as follows:

- The Klamath CSD is already providing services to the proposed territory to be annexed; the application is proposed to formally complete the annexation process.

### **A. ANALYSIS**

The analysis of the proposed annexation and SOI amendment is organized into two sections. The first section considers the proposal relative to the factors mandated for review by the Legislature anytime LAFCOs review boundary changes. The second section considers issues required by other applicable State statutes in processing boundary changes, such as environmental compliance with the California Environmental Quality Act.

#### **Required Factors for Review**

G.C. §56668 requires the Commission to consider 16 specific factors when it reviews reorganization proposals. No single factor is determinative. The purpose in considering these factors is to help inform the Commission in its decision-making process. An evaluation of factors related to the proposal follows.

*1) Population and population density; land area and land use; per capita assessed valuation; topography, natural boundaries, and drainage basins; proximity to other populated areas; the likelihood of significant growth in the area, and in adjacent incorporated and unincorporated areas, during the next 10 years.*

The proposed annexation would cover approximately 42.2 acres and follows the boundaries of US 101 and Klamath Blvd. The District is expected to experience low growth, approximately 0.4 percent per year, in tandem with current Del Norte County-wide rates. No significant growth is expected.

*2) The need for organized community services; the present cost and adequacy of governmental services and controls in the area; probable future needs for those services and controls; probable effect of the proposed incorporation, formation, annexation, or exclusion and of alternative courses of action on the cost and adequacy of services and controls in the area and adjacent areas.*

The CSD Board Resolution of applications included a listing equivalent to a Plan for Services listed above. The need for expanded community services within the affected territory includes water and wastewater services, which it is already receiving from the District. An analysis of the availability and adequacy of these services relative to projected needs of the proposal follows.

## Water

The proposed annexation territory is currently served by the District. Increase in demand for water services is not expected due to annexation. The District's water system adequately serves its existing connections, which include those in the proposed annexation territory, with no major deficiencies.

## Wastewater

The proposed annexation territory is currently served by the District. Increase in demand for wastewater services is not expected due to annexation. The current wastewater system is operating at capacity. It will need to identify an alternate wastewater disposal location in order for the system to be expanded to serve additional growth according to the system's location in the 100-year floodplain and standards set forth by the North Coast Regional Water Quality Control Board (NCRWQCB). The District is working towards conducting a feasibility study to analyze long-term options at increasing capacity for future growth within the District.

*3) The effect of the proposed action and of alternative actions, on adjacent areas, on mutual social and economic interests, and on the local governmental structure of the county.*

The annexation as proposed by the CSD would be contained within Del Norte County.

*4) The conformity of the proposal and its anticipated effects with both the adopted commission policies on providing planned, orderly, efficient patterns of urban development, and the policies and priorities set forth in G.C. Section 56377.*

The statutory goals of LAFCo include the promotion of orderly growth and development by determining logical local boundaries [§56001], the preservation of open space by encouraging development of vacant land within cities before annexation of vacant land adjacent to cities [§56377(b)], and the preservation of prime agricultural land by guiding development away from presently undeveloped prime agricultural lands [§56377(a)]. The proposed uses in the annexation territory comply with the statutory goals discussed above.

*5) The effect of the proposal on maintaining the physical and economic integrity of agricultural lands, as defined by G.C. Section 56016.*

The annexation territory and land within the amended sphere of influence do not have any agricultural land use designations. As such, the annexation is not expected to have an adverse impact on agricultural lands.

*6) The definiteness and certainty of the boundaries of the territory, the nonconformance of proposed boundaries with lines of assessment or ownership, the creation of islands or corridors of unincorporated territory, and other similar matters affecting the proposed boundaries.*

A map and geographic description, which follows existing boundaries, will be required prior to filing a certificate of completion for annexation of territory and amended sphere of influence.

*7) A regional transportation plan adopted pursuant to G.C. Section 65080.*

The Del Norte Regional Transportation Plan (RTP) was last adopted in 2020 and is required to be updated every four or five years. An updated RTP is expected to be adopted in the winter of 2024. The RTP is a long-range transportation planning document intended to guide investments related to transportation in the Del Norte region. In regions of California that have a metropolitan planning organization, the RTP must also adopt a Sustainable Communities Strategy (SCS) under Senate Bill 375. Since the Del Norte region does not have

a metropolitan planning organization, an SCS is not required. Although not required, the 2020 RTP Update did identify that an SCS could be prepared to identify strategies to reduce vehicle miles traveled in the region.

*8) Consistency with city or county general and specific plans.*

Land uses in the annexation territory include Timberland (0.05 acres), Visitor-Serving Commercial (24.21 acres), Resource Conservation Area (2.23 acres), General Commercial (8.63 acres), and General Industrial (7.03 acres). General Plan development in the Klamath Planning Subarea is focused on tribal economic programs, private timberland management, residential neighborhood infill, and public and private visitor facilities (page I-9 of the 2003 General Plan). The annexation does not require any general plan or zoning amendments and land use is expected to remain consistent with county plans.

*9) The sphere of influence of any local agency which may be applicable to the proposal being reviewed.*

Portions of the annexation territory are outside of the District's sphere of influence (SOI) as updated and approved by LAFCo in the March 2022 South County Community Services Districts' Municipal Service Review and Sphere of Influence Update. The Klamath CSD's SOI is proposed to change due to the annexation proposal to include additional lands (approximately 44.5 acres) to the north and southeast of the annexation territory.

*10) The comments of any affected local agency or other public agency.*

Del Norte LAFCo provided a notice of application filing on February 22, 2023, to affected agencies and received no comments. Del Norte LAFCo also prepared and released a Certificate of Filing to local agencies on March 4, 2024, setting the April 1, 2024, date for the public hearing. A hearing notice was posted online/published in the Del Norte Triplicate, and posted on the Del Norte LAFCo website on March 11, 2024. No agency comments were received.

*11) The ability of the newly formed or receiving entity to provide the services which are the subject of the application to the area, including the sufficiency of revenues for those services following the proposed boundary change.*

Property tax revenues allocation is determined by a Property Tax Revenue Sharing Agreement between the County and District. The Del Norte County Board of Supervisors Tax Revenue Sharing Agreement, passed by Resolution 2024-007 on February 13, 2024, requires the County Auditor-Controller to review the property tax revenue distribution for all taxing entities in the affected areas. Per the resolution, the County's General Fund shall have no net loss of tax revenue and it's anticipated there will be no revenue sharing for the annexed territory. The District will need to provide a viable revenue source, including consideration of a parcel assessment.

*12) Timely availability of water supplies adequate for projected needs as specified in G.C. § 65352.5.*

Water infrastructure, rights, and any other physical property used for providing water will be transferred to the District from the Del Ponte Water System, the previous water providers of the annexation territory. The District is already providing water service to the annexation territory and water supplies are currently adequate for projected needs. No capacity limitations have been identified and the need to increase system capacity as a result of the proposed annexation is not anticipated.

*13) The extent to which the proposal will affect a city or cities and the county in achieving their respective fair shares of the regional housing needs as determined by the appropriate council of governments consistent with Chapter 3 of Division 1 of Title 7*

*Article 10.6 (commencing with § 65580).*

The proposed annexation would not impact any local agencies in accommodating their regional housing needs. The County of Del Norte General Plan Housing Element addresses how regional housing needs allocations will be met. There are currently no increased residential designations or development plans for the proposed annexation territory.

*14) Any information or comments from landowners or owners, voters, or residents of the affected territory.*

A hearing notice was posted online /published in the Del Norte Triplicate and posted on the Del Norte LAFCo website on March 11, 2024. A Notice of Public Hearing was mailed to landowners and registered voters within 300 feet of the annexation territory on March 11 and 18, 2024. No comments were received.

*15) Any information relating to existing land use designations.*

See discussion in Section 8.

*16) The extent to which the proposal will promote environmental justice. As used in this subdivision, "environmental justice" means the fair treatment of people of all races, cultures, and incomes with respect to local public facilities and provision of public services.*

The proposal will not result in inconsistencies with environmental justice safeguards. The annexation would result in continued public services for residents.

## **Other Considerations**

### **1) Environmental Review**

The purpose of the environmental review process is to provide information about the environmental effects of the actions and decisions made by LAFCo and to comply with the California Environmental Quality Act (CEQA) Guidelines found in Public Resources Code §210000 et seq. It has been determined that this project is categorically exempt from CEQA pursuant to §15301 - Class 1, Existing Facilities, and §15061(b)(3) - "Common Sense" exemption. The Commission has prepared a Notice of Exemption as provided under CEQA Guidelines for the change in District organization including annexation and makes a specific determination that this environmental determination adequately addresses proposed changes.

### **2) Municipal Service Review and Sphere of Influence Update**

The Klamath CSD's MSR and Sphere of Influence Update, approved by the Commission in March 2022 reflects the District's ability to serve the affected territory, and confirming of the expanded Sphere of Influence that covers the District and annexed territory.

### **3) Tax Revenue Sharing Agreement**

California Revenue & Taxation Code 99(b)(5) provides:

In the event that a jurisdictional change would affect the service area or service responsibility of one or more special districts, the County Board of Supervisors shall, on behalf of the district or districts, negotiate any property tax revenue exchange. Prior to entering into negotiation on behalf of a district for a property tax revenue exchange, the Board shall consult with the affected district. The consultation shall include, at a minimum, notification to each member and executive officer of the district board of the pending consultation and provision of adequate opportunity to comment on the negotiation.

The County stated that it has met its obligation by consulting with the District, explained the County's position, considered the position of the District, and then adopted a

resolution establishing the property tax exchange. The property tax exchange was lawfully adopted via resolution in accordance with Revenue & Taxation Code section 99. The Del Norte County Board of Supervisors passed a Tax Revenue Sharing Agreement by Resolution 2024-007 on February 13, 2024. The agreement states "The County Auditor-Controller shall calculate the exchange of property tax revenue for all taxing entities in the affected tax rate areas except for that the County's General Fund which shall have no net loss of tax revenue resulting from this annexation". Per the resolution, the County's General Fund shall have no net loss of tax revenue and it's anticipated there will be no revenue sharing for the annexed territory. The District will need to provide a viable revenue source, including consideration of a parcel assessment.

#### 4) Conducting Authority Proceedings

All Commission approved boundary changes are subject to conducting authority proceedings (i.e., protest hearing) unless waived in accordance with criteria outlined under G.C. § 56663. Unless written opposition is received from landowners or registered voters within the affected territory prior to the conclusion of the Commission's proceedings on the proposal, the proposal is not subject to conducting authority proceedings under G.C. Section 56663.

### **B. RECOMMENDATION**

Staff recommends that the Commission conduct the public hearing by:

Receiving the staff report;

Opening the Public Hearing and receiving testimony;

Closing the hearing and considering the District's request to act on the proposed annexation and amended sphere of influence.

The following options were prepared for the proposed annexation and sphere of influence amendment proposal:

1. Approve the Klamath CSD annexation and Sphere of Influence Amendment with conditions;
  - a) Completion of the 30-day reconsideration period provided under G.C. Section 56895.
  - b) Completion of conduction authority proceedings by Executive Officer (unless waived in accordance with Government Code Section 56663.
  - c) Filing of the affected territory final map and geographic description conforming to State Board of Equalization requirements, with fees.
  - d) Payment of any outstanding LAFCo fees as identified in the Commission's adopted fee schedule.
  - e) Transfer of Del Ponte Water System assets to the Klamath CSD.
  - f) Upon effective date of the proposal, the affected territory will be subject to all previously authorized charges and fees that were lawfully enacted by the District. The affected territory will also be subject to all of District rates, rules, regulations, and ordinances.
2. Continue the hearing to April 22, 2024, to allow additional time for Commission consideration; or
3. Deny the application, with specific direction to the CSD for application amendment and refiling.

#### **Attachments:**

Exhibit A: Certificate of Filing

Exhibit B Klamath CSD Resolution of Application 2022-03



DEL NORTE LOCAL AGENCY FORMATION COMMISSION  
1125 16<sup>th</sup> Street, Suite 202  
Arcata, California 95521  
TEL (707) 825-9301 FAX (707)825-9181  
eo@delnortelafco.org

## CERTIFICATE OF FILING

I, Del Norte Local Agency Formation Commission Executive Officer, do certify that:

1. The application hereinafter referenced and described has been submitted and found to be in the form prescribed by the Commission.
2. The application contains the information and data requested and required by the Commission and provisions of state law.
3. The applicants provided sufficient notice of intention to adopt a resolution of application to the Commission and to each interested agency and subject agency pursuant to Government Code § 56654(c).
4. A Property Tax Revenue Sharing Agreement between the CSD and County of Del Norte was executed by Board of Supervisors Resolution 2024-007, per [Revenue and Tax Code §§ 99 and 99.01]
5. The application has been accepted for filing and will be considered by the Commission at a meeting on Monday April 1, 2024, at 4:00 p.m., or as soon thereafter as the matter can be heard, at the Del Norte County Flynn Center, Board of Supervisors Chambers 981 H Street, Crescent City, California.

**Project Title:** Klamath Community Services District Annexation  
& Sphere of Influence Amendment

**Location:** The proposal as submitted consists of multiple parcels  
in the unincorporated community of Klamath. See attached map.

**Applicant:** Klamath Community Services District, Margaret Caldwell, Board President

This Certificate of Filing is issued pursuant to authority and requirements of California Government Code § 56658(f). All time requirements and limitations for processing and consideration of aforementioned application specified by state law and/or rules and regulations of the Del Norte Local Agency Formation Commission shall become effective and run from the date of issuance of this Certificate of Filing.

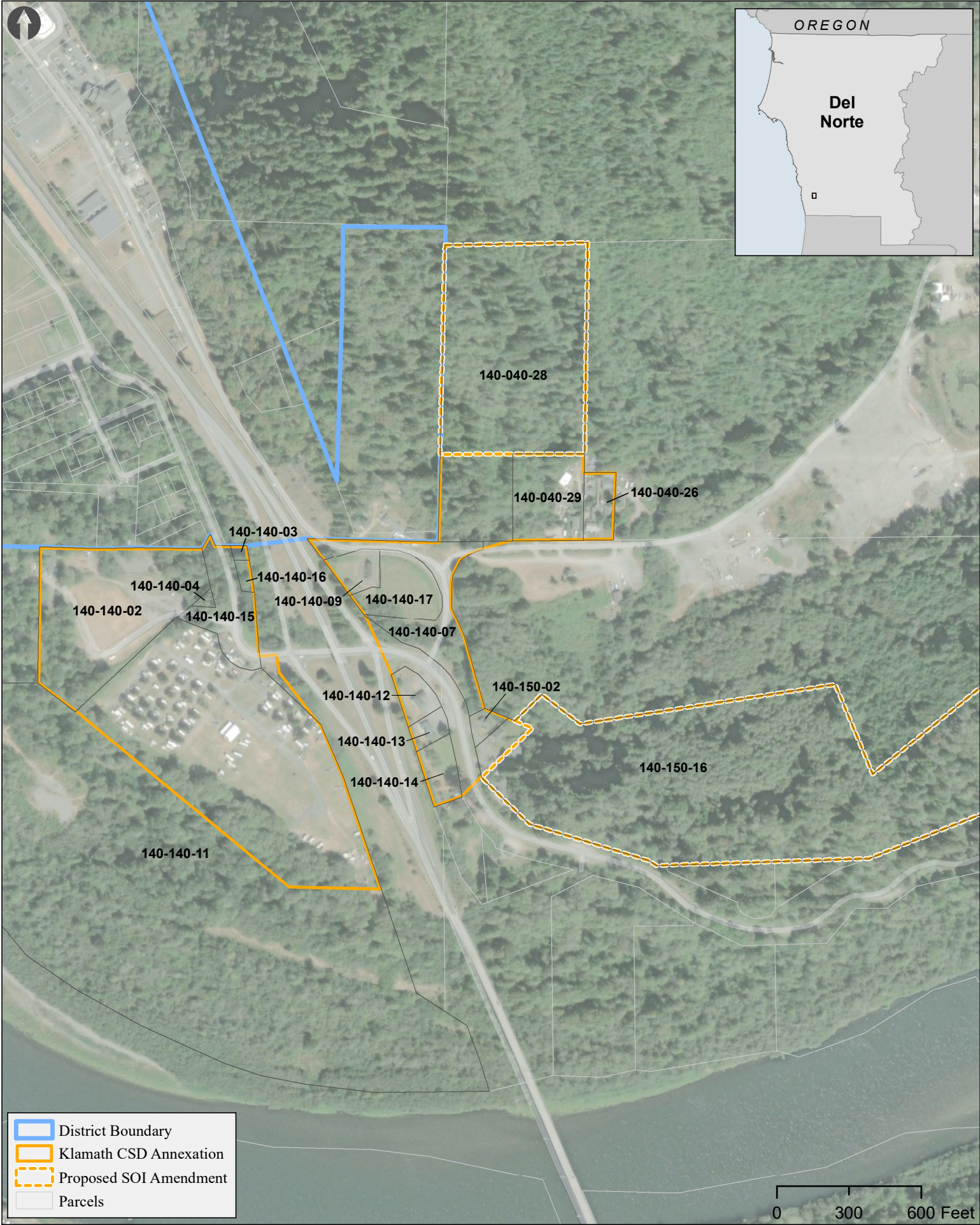
\_\_\_\_\_  
George Williamson AICP  
Executive Officer

March 4 2024  
Date

Cc: Klamath Fire Protection District  
Yurok Tribe

Attachment: Location Map 1





- District Boundary
- Klamath CSD Annexation
- Proposed SOI Amendment
- Parcels

0 300 600 Feet

# Klamath Community Services District Proposed SOI Amendment & Annexation

## LAFCO RESOLUTION 2024-03

### RESOLUTION OF THE DEL NORTE LOCAL AGENCY FORMATION COMMISSION ADOPTING THE KLAMATH COMMUNITY SERVICES DISTRICT ANNEXATION OF TERRITORY AND SPHERE OF INFLUENCE AMENDMENT

**WHEREAS**, the Cortese Knox Hertzberg Local Government Reorganization Act of 2000 governs the organization and reorganization of cities and special districts by Local Agency Formation Commissions established in each county, as defined and specified in Government Code Sections 56000 et seq.; and

**WHEREAS**, the Klamath Community Services District (“Klamath CSD” or “District”) provides municipal water and wastewater services to areas within its jurisdictional boundary, and to additional areas outside the City boundary and within the City Sphere of Influence as approved by LAFCO; and

**WHEREAS**, an initial application for the annexation of the former Del Ponte Water System (DWPS) territory was filed in 1979, and

**WHEREAS**, the former DWPS territory proposed to be annexed is approximately 42.2 acres located adjacent to the District’s existing boundaries but partially within the District’s current sphere of influence (SOI), and

**WHEREAS**, the former DWPS territory is currently receiving water and wastewater services from the District, and

**WHEREAS**, the District’s Board of Directors passed a resolution of application (Resolution 2022-03) requesting the Del Norte Local Agency Formation complete territory proceedings on January 18, 2023, and

**WHEREAS**, Klamath CSD Resolution 2022-03 set forth terms, conditions and transfers:

1. All physical assets of the DPWS are deemed transferred to the ownership of the Klamath CSD. Lateral connections to the individual property's services shall remain the responsibility of the property owners. Assets shall include all pumps, water transmission lines, outbuildings, valves and other water system improvements associated with the DPWS system.
2. Vehicles, tools, and equipment used for providing water services.
3. All water rights held by DPWS.
4. DPWS will provide Klamath CSD with all available plans, as-builts, drawings, maps, specifications, inspection reports, videos, and repair records applicable to the area to be annexed. Defects may be reviewed by the DPWS and the Klamath CSD before the Klamath CSD accepts ownership of any water transmission lines or pumping stations.
5. As-built drawings and reports of the current DPWS water system.
6. All billing and customer records and related financial information.
7. Easements for water lines and related improvements shall be transferred from DPWS to the Klamath CSD.
8. Any other physical property utilized for providing water.
9. Transfer to Klamath CSD of any monies or funds, including cash on hand and monies due but uncollected of the DPWS in whole or in part for providing water.
10. The transfer shall include all operating and reserve funds which comprise the water system, funds obtained from water service charges, connection fees, exaction fees, improvement fees, grants, loans and other financing sources related to water service, including interest funds derived.

11. The transfer to the Klamath CSD of all DPWS contractual obligations within its service area with both private and public customers, and all related obligations, shall be transferred to the Klamath CSD with the Klamath CSD as the successor for enforcement of such contracts.
12. The Board of Directors of the Klamath CSD, as necessity requires, may form one or more improvement districts or zones based on unique circumstance or differential levels of service.
13. Annexation shall not be construed to create any vested right to additional connections within DPWS although existing permitted connections shall be accepted into the Klamath CSD and treated as a continuing responsibility to provide water in the same manner that the Klamath CSD provides to its existing water users. Conservation measures shall equally apply to water users in the DPWS. Any new parcel serviced within DPWS will be subject to the same service fees, connection fees and other charges which are applicable to Klamath CSD, as may be from time to time applicable.
14. The annexed service area shall be subject to an appropriation limit of \$0.00 for the fiscal year in which the annexation becomes effective.
15. There shall be no exchange of property taxes paid by the Klamath CSD to DPWS because of this annexation but any property taxes due the DPWS shall continue and be assigned and transferred to the Klamath CSD.
16. The annexation project is considered a "Project" under CEQA due to the potential impact to the environment due to the drawing of water. Here, the Class 1 categorical exemption and the "common sense" exemption apply because:
  - A) The annexation does not propose present water intake facilities or water consumption change;
  - B) The annexation will not create new water management measures, alter existing authority to build new facilities or modify existing facilities, or change water allocation provisions to any extraterritorial contracts the city has with others;
  - C) The annexation will not change hydrology, regulations, or the water supply; and
  - D) Although a benefit of the annexation could be the ability to continue to supply future projects, including repair and maintenance projects, such future projects, if any, are too speculative to allow for meaningful analysis at this time and if and when any such project is actually proposed, it would be subject to CEQA review as required by law.
17. To the extent there are any disputes regarding the meaning or interpretation of these terms and conditions, LAFCo shall resolve such disputes as to the application of term or condition, in consultation with the Klamath CSD and DPWS.

**WHEREAS**, the District's SOI is proposed to be amended to include the entirety of the annexation territory, and

**WHEREAS**, property tax revenues allocation was determined by a Property Tax Revenue Sharing Agreement between the County and District passed by Resolution 2024-007 resulting in no net loss of tax revenue of the County's General Fund and no revenue sharing for the annexed territory, and

**WHEREAS**, in the accordance with California Government Code Section 56661, the Executive Officer has given sufficient notice of the public hearing by the Commission on the proposal; and

**WHEREAS**, Del Norte LAFCO prepared, distributed to affected agencies, and posted a Notice of Filing and distributed a Certificate of Filing, for the proposed action, pursuant to California Government Code §56658(f) authority and requirements, with time requirements and limitations for processing and consideration; and

**WHEREAS**, the Commission heard and fully considered all testimony and evidence presented at a public hearing held on April 1, 2024.

**NOW THEREFORE, IT IS RESOLVED, DETERMINED, AND ORDERED by the Commission as follows:**

1. The Commission finds the annexation is exempt from further review under the California Environmental Quality Act pursuant to CEQA Guidelines: 14 CCR § 15301 Class 1: Existing Facilities and § 15061 ((b)(3)) “Common Sense”, the project would not have a significant effect on the environment and is therefore exempt from the CEQA provisions.
2. The Commission hereby determines the annexation of territory is approved subject to the following conditions:
  - Completion of a 30-day reconsideration period under Government Code Section 56895.
  - a. Completion of conduction authority proceedings by Executive Officer (unless waived in accordance with Government Code Section 56663.
  - b. Filing of the affected territory final map and geographic description conforming to State Board of Equalization requirements, with fees.
  - c. Payment of outstanding LAFCo fees as identified in the Commission’s adopted fee schedule.
  - d. Transfer of DPWS assets to the Klamath CSD.
  - e. Upon effective date of the proposal, the affected territory will be subject to all previously authorized charges and fees that were lawfully enacted by the District. The affected territory will also be subject to all of District rates, rules, regulations, and ordinances.
3. The Executive Officer is hereby directed to transmit a certified copy of this resolution to each affected agency, as provided in G.C. § 56882.
4. The Executive Officer is directed to record a Certificate of Completion for this proposal upon completion of all proceedings and conditions met.
5. Completion of proceedings shall be concluded within one year after adoption of this resolution. If the proceedings are not concluded within one year after passage of this resolution, all proceedings shall be terminated unless an extension is approved.

**BE IT FURTHER RESOLVED** The Klamath Community Services District – Annexation of Territory and Amended SOI is hereby approved and incorporated as presented on the attached Exhibit A.

Adopted on April 1, 2024, by the following votes:

AYES:

NOES:

ABSTAINS:

ABSENT:

Dated: \_\_\_\_\_

\_\_\_\_\_  
*Blake Inscore Chair Person*  
Del Norte Local Agency Formation Commission

Attest:

Dated: \_\_\_\_\_

\_\_\_\_\_  
*George Williamson, AICP Executive Officer* Del  
Norte Local Agency Formation Commission

## 3 A MEETING MINUTES



### Del Norte Local Agency Formation Commission REGULAR MEETING

*In Person: Del Norte County Board of Supervisors Chambers  
Flynn Center - 981 H St. Crescent City, CA 95531*

**February 26, 2024, 4:00 pm**

**Members present:** Darrin Short (County Member & Chair), Blake Inscore (City Member & Vice Chair), Dean Wilson (County Member), Lyle Armstrong (Public Member) and Donna DeWolf (Alternate Public Member)

**Members absent:** Jason Greenough (City Member),

**Others present:** George Williamson (Executive Officer). Jim Underwood Legal Counsel; Geoff Antill Smith River FPD

This was an in-person commission meeting.

#### 1. **Call to Order/Roll Call/ Commission Introductions & Appointments**

Commission Chair Short called the meeting to order at 4:00 p.m. Roll call was taken.

- A. Pledge of Allegiance
- B. Election of Chairperson &

On a motion by Commissioner Armstrong, seconded by Commissioner Wilson and carried by a 4-0 vote the Commission elected Commissioner Inscore as Chairperson for 2024.

Vice-Chairperson for 2024

On a motion by Commissioner Short, seconded by Commissioner Armstrong and carried by a 4-0 vote the Commission elected Commissioner Wilson as Vice-Chairperson for 2024.

#### 2. **Public Hearings**

- A. None

#### 3. **Regular Business**

- A. Draft Minutes November 27, 2023

On a motion by Commissioner Armstrong, seconded by Commissioner Wilson and carried by a 4-0 vote the Commission approved the November 27, 2023, Meeting Minutes.

- B. Del Norte LAFCo Office Relocation, & Planwest Contract Amendment for Lease Space Charge

Staff noted that Planwest has provided a Del Norte LAFCo office location, at 1125 16th Street, Suite 202 Arcata CA (Stewart School Building), since 2008, at no charge to the Commission. The lease of that space has been ended by the new property owner and Planwest has leased new office space at the Plaza Center Building, 670 9th Street, Suite 5 in Arcata effective April 1, 2024. The Del Norte LAFCo Office will be relocated as part of that move.

**Del Norte Local Agency Formation Commission**  
**February 26, 2024, Minutes**

The new office lease rate is considerably more expensive than the prior location. In addition to a significantly increased lease rate, there are common area maintenance charges and higher utility costs. Starting April 1, a Del Norte LAFCo office space charge of \$ 350.00 per month was proposed, as part of monthly services by contract agreement. This would be by an amended agreement between Planwest and Del Norte LAFCo. The increased costs would be drawn from unrestricted contingency funds and also included in future FY budgets.

On a motion by Commissioner Short, seconded by Commissioner Wilson and carried by a 4-0 vote the Commission approved the Planwest Contract Amendment for adding \$350.00 in monthly office lease costs effective April 1, 2024, through the end of FY 2023-24.

C. Klamath CSD Annexation – Certificate of Filing

The Property Tax Revenue Sharing Agreement between the Klamath CSD and County of Del Norte was executed by Board of Supervisors Resolution 2024-007, per [Revenue and Tax Code §§ 99 and 99.01]. The Klamath CSD submitted a letter to the County accepting allocations. Del Norte LAFCo then issued a Notice of Filing to affected agencies and organizations, including the Yurok Tribe, for a public hearing, in accordance with Government Code § 56658(b)(1).

The application is being scheduled for a public hearing, by the Commission at the Del Norte County Flynn Center, BOS Chambers 981 H Street, Crescent City, California. This is an informational item with no Commission action.

D. Klamath FPD Fire Services Plan – Update

Staff has attended (FPD) Board meetings to hear District efforts to building up District capacity, work on Fire Services Planning and look for increased revenues. To assist with this, staff proposed Del Norte LAFCo contribute \$3,750.00, contingent on Klamath FPD contributing \$7,500.00, towards Klamath Fire Services Planning, it was also proposed that additional fire services planning contributions/ grant funds be requested, as funds allow.

The Commissioner expressed concerns about allocating funds to the FPD, noting that they need to engage the community and build support for capacity building first. The Commission would need to see a meaningful community engagement program, prior to considering any additional funding requests. Community fire risks were discussed, as well as coordination with the Yurok Tribe. The Commission declined the proposed contribution of funds for the district at this time and encouraged the FPD Board to continue capacity building and revenue increases with community support.

E. FY 2023-24 Mid-Year Budget Summary & Amendment Resolution

The following amendments to the budget were proposed to cover cost increases for: Insurance; CALAFCO Membership; Professional Services (Executive Officer/Admin); and Travel/Training (CALAFCO Conference).

## **Del Norte Local Agency Formation Commission**

### **February 26, 2024, Minutes**

These expenditures can be covered with a portion of the contingency fund balance, which would be reduced if the proposed budget amendment is approved by Resolution 24-02. Professional Services (MSR/SOI Preparation): would decrease.

On a motion by Commissioner Wilson, seconded by Commissioner Short and carried by a 4-0 vote the Commission approved the FY 2023-24 Budget Amendment #2 by Resolution 2024-02

#### **F. Smith River FPD Annexation – Amended Application Filing by Board Resolution**

There was a delay in the Property Tax Revenue Sharing Agreement between the County and District, exceeding statutory timelines. A property tax revenue sharing agreement statutory clock ‘restart’ was proposed. Del Norte LAFCo would accept an amended annexation application filing by the Smith River FPD. Del Norte LAFCo would then issue an updated Notice of Filing. From there, the R&TC Section 99(b)(3) negotiation timeline would be reset, beginning with County Auditor notification to taxing entities. The Smith River District Board of Directors has advised LAFCo they will amend the original application to annex territory, by Resolution, with an amended application to follow. This is an informational item with no Commission action at this time.

#### **G. HRC CSD MSR & Pre-annexation Agreement**

Staff provided an update on a State Waterboard funded preliminary engineering study for water system upgrades. This is an informational item with no Commission action.

### **4. Inquiries, Correspondence, Application Status and Referrals**

#### **A. Staff - The Executive Officer will provide a report of current projects, issues of interest, and pending legislation.**

The 2024 Meeting Dates were presented. Proposed CALAFCO Indemnification Legislation was presented and discussed. Letters of support will be needed as legislation progresses.

#### **B. Commission - On their own initiative, Commission members may make brief announcements or reports on their own activities. They may ask questions for clarification, make a referral to staff or request a business matter for a future agenda per Government Code Section 54954.2 (a).**

#### **C. Public - Public comment on items of interest within LAFCo subject matter jurisdiction, and not otherwise appearing on the agenda. No action may be taken on any item not appearing on the agenda.**

### **5. Adjournment**

Meeting adjourned at 4:56 PM. Next Meeting scheduled for April 22, 2024, unless alternate date scheduled.



**DEL NORTE LOCAL AGENCY FORMATION COMMISSION**  
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 Arcata, California 95521  
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[eo@delnortelafco.org](mailto:eo@delnortelafco.org)

### 3B NOTICE OF FILING - AMENDED APPLICATION

**DATE:** March 18, 2024  
**TO:** Smith River Community Services District  
 Del Norte County Community Development Department  
 Del Norte County Assessor's, Auditor's, Clerk/Recorder & Administrative Offices  
 Del Norte County District 3 Supervisor, Christopher Howard  
 Del Norte County Unified School District - Superintendent's Office  
 Tolowa Dee-ni' Nation  
 CalFIRE Humboldt-Del Norte Unit  
 Crescent City Fire and Rescue  
 Fort Dick Fire Protection District  
**FROM:** George Williamson, LAFCo Executive Officer  
**SUBJECT:** Annexation - to Smith River Fire Protection District (FPD)

<b>APPLICATION INFORMATION</b>	
<b>Project:</b>	Smith River FPD annexation of territory within its Sphere of Influence
<b>Location:</b>	in/adjacent to unincorporated Smith River community, northern Del Norte County
<b>APNs:</b>	See attached map - Figure 1
<b>NOTICE:</b>	The above referenced proposal has been <b>RE-FILED</b> with LAFCo and this notice of filing is issued in accordance with Government Code § 56658(b)(1). To receive application documents, please contact LAFCo at (707) 825-9301 or <a href="mailto:eo@delnortelafco.org">eo@delnortelafco.org</a> .

**GENERAL INFORMATION**

Due to the expiration of certain property tax revenue sharing agreement time frames, the Smith River FPD Board has passed and refiled an amended Resolution of Application for annexation of territory into the FPD. The proposed annexation area is adjacent to the existing FPD boundaries and within the Sphere of Influence (SOI), which has not changed. The proposed annexation territory is shown in Figure 1.

**SERVICES**

Based on the application, existing and proposed service providers are listed below:

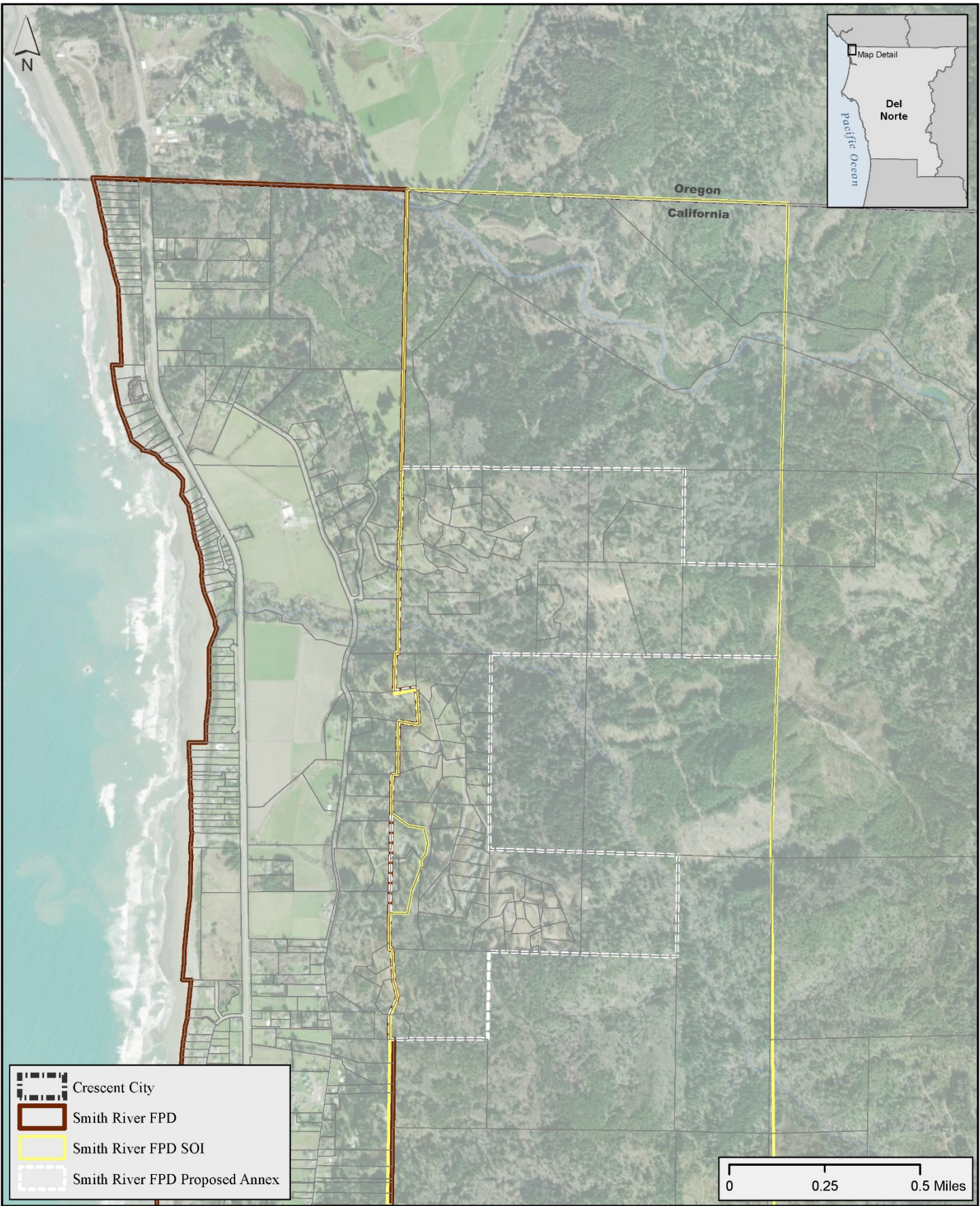
Service	Present Provider	Proposed Provider
Sewer	n/a (septic systems)	No Change
Water	Smith River CSD	No Change
Fire	Cal FIRE	Change
Police	Del Norte County Sheriff	No Change
Roads	County of Del Norte	No Change
Recreation	County of Del Norte - Tolowa Dee-ni' Nation	No Change
Drainage	County of Del Norte	No Change
Street Lighting	Smith River CSD- Tolowa Dee-ni' Nation	No Change

**Agency Response:** Request agency comments by March 30, 2024 - mail to Del Norte LAFCo 1125 16th Street, Suite 202, Arcata, California 95521; or email to [eo@delnortelafco.org](mailto:eo@delnortelafco.org)

**CC:** Geoff Antill, Smith River Fire Protection District  
 Ron Simpson, Smith River Fire Protection District

Attachment - Figure 1  
*Notice of Filing*





# Smith River Fire Protection District Proposed Annexation

Figure

Map Date: 3/16/2023

Sources: Boundaries - Del Norte LAFCo, Roads - US Census TIGER.



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[eo@delnortelafco.org](mailto:eo@delnortelafco.org)

DATE: March 26, 2024  
TO: Del Norte County Auditor-Controller - Clinton Schaad  
Del Norte County Assessor - Jennifer Perry  
FROM: George Williamson, Executive Officer  
SUBJECT: Property Tax Exchange - Smith River Fire Protection District Annexation

The Del Norte Local Agency Formation Commission (LAFCo) has received an amended application from the Smith River Fire Protection District (FPD) for the proposed annexation of territory.

In accordance with Revenue and Tax Code Section 99, this letter is a formal proposal notification and request of the County of Del Norte, to begin the property tax exchange process.

*For Change of Organization, CA Revenue & Tax Code Section 99.01. states*

*(a) For the purposes of Section 99, in the case of a jurisdictional change that will result in a special district providing one or more services to an area where those services have not been previously provided by any local agency, the following shall apply:*

- (1) The special district referred to in this subdivision and each local agency that receives an apportionment of property tax revenue from the area shall be considered local agencies whose service area or service responsibility will be altered by the jurisdictional change.*
- (2) The exchange of property tax among those local agencies shall be limited to property tax revenue from the annual tax increment generated in the area subject to the jurisdictional change and attributable to those local agencies.*
- (3) Notwithstanding the provisions of paragraph (5) of subdivision (b) of Section 99, any special district affected by the jurisdictional change may negotiate on its own behalf, if it so chooses.*
- (4) If a special district involved in the negotiation (other than the district which will provide one or more services to the area where those services have not been previously provided) fails to adopt a resolution providing for the exchange of property tax revenue, the board of supervisors of the county in the area subject to the jurisdictional change is located shall determine the exchange of property tax revenue for that special district.*

Please take the steps necessary to begin facilitating a property tax exchange between the County and Smith River FPD. Contact me at 707-825-9301 or [eo@delnortelafco.org](mailto:eo@delnortelafco.org) with any questions.

Cc: Del Norte County Administrative Office  
Geoff Antill, Smith River Fire Protection District

Attachment: Annexation Area Map



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eo@delnortelafco.org

### AGENDA ITEM 3C

**MEETING DATE:** April 1, 2024  
**TO:** Del Norte Local Agency Formation Commission  
**FROM:** George Williamson AICP, Executive Officer  
**SUBJECT:** Klamath Fire Protection District Fire Services Planning Update

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#### DISCUSSION

After the February 26 Commission meeting, the following correspondence has been sent to the Klamath FPD Board:

**Email Correspondence March 5:** I presented request that Del Norte LAFCo Commission contribute funds for Klamath Fire Services Planning, in (abbreviated) outlined below:

Task 1 - Plan Initiation - Develop Fire Services Plan outline; set schedule; collect/review relevant data. Compile dataset of local hazards & restrictions, .

Task 2 - Stakeholder & Community Input - Conduct interviews & gather information including: key issues from community and stakeholders,

Task 3 -Current Conditions Evaluation - Conduct a baseline assessment of current conditions and service performance, including Organizational and Financial Overviews;

Task 4 - Financial Planning & Analysis - Analyze existing financial conditions and revenue levels; Evaluate potential revenue streams; define financing recommendations.

Task 5 - Evaluation, Conclusions & Recommendations - Develop & analyze various operational models for providing emergency services with the specific intent of identifying those options that can deliver the adequate service levels.

The request was declined, as it is unusual for Commission to contribute for specific district planning, beyond Municipal Services Reviews. Let me know if your Board would like to contribute as requested at last Board meeting, based on above outline.

**Email Correspondence March 26:** There are still some potential district planning matters that Del Norte LAFCo may be able to assist with, including a North Coast Regional Partnership Technical Assistance grant application in May & fire services planning sent previously. If the FPD Board was interested in LAFCo staff assistance, consider taking an action at next board meeting to allocate funding for that

**The County Auditor has confirmed that:** 'Based on the current (23/24) KFPD budget, there are \$55,065 in available but unallocated funds'

**March 27 FPD Board Meeting:** The Board took no action on funding services planning. They reported needing to build community support prior to proposing additional revenues.

#### RECOMMENDATION

No Action, await Board decision on how they'll move forward.



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**AGENDA ITEM 3D**

**MEETING DATE:** April 1, 2024  
**TO:** Del Norte Local Agency Formation Commission  
**FROM:** George Williamson AICP, Executive Officer  
**SUBJECT:** **Letter of Support for AB 3277**  
The Commission will receive a report regarding AB 3277 which is currently being considered by the state legislature. This bill, if enacted, would clarify the tax exchange process for special district formations, explicitly when subject agencies waive the exchange of property tax revenue.

---

**BACKGROUND**

The State Legislature reconvened from the winter recess on January 3, 2024. Approximately 2,100 bills were introduced during the 2024 legislative session, which included an estimated 1,500 bills in the Assembly and 600 in the Senate. The deadline to introduce a bill was February 17. All bills must pass out of their house of origin (Assembly or Senate) no later than May 17. Afterwards, all bills must pass through both houses by August 31 with a 30-day period for the Governor to either sign or veto passed bills. More information is available on <http://leginfo.legislature.ca.gov/>.

LAFCo staff, through participation on the California Association of LAFCOs (CALAFCO) Legislative Committee, monitors proposed LAFCo-related legislation. During the January 12th and February 16th Committee Meetings, CALAFCO provided an update on bills continued from the 2023 legislative session and this year’s Omnibus Bill. CALAFCO and the Assembly Committee on Local Government regularly co-sponsor the annual Omnibus Bill to propose technical and non-substantive amendments to the CKH Act.

**DISCUSSION**

The 2024 Omnibus Bill initially included five proposed amendments to the CKH Act to clarify LAFCO processes and authority. However, through a recent review by the legislative staff of the proposed amendments, only one was deemed qualified to be in this year’s Omnibus Bill - the other four proposals were determined to have substantive changes to the CKH Act and therefore unqualified to move forward. As a result, this year’s bill will only include proposed language that would clarify the tax exchange process for special district boundary changes explicitly when subject agencies waive the exchange of property tax revenue, as described below. This bill is currently in print and is scheduled to be presented to the floor in April.

Government Code Section 56810 provides the process and authority for LAFCo to determine the amount of property tax revenue to be exchanged by an affected local agency involving the

formation of a new special district. However, current law is unclear on guidelines for agencies seeking or not seeking a share of the ad valorem property taxes. The proposed change under the Omnibus Bill would add language maintaining the authority and requirement for a LAFCo to determine the property tax revenues to be exchanged for an affected agency in applications involving the formation of a special district whereby the affected agency is seeking a share of the 1% ad valorem property taxes, while excluding this requirement for LAFCo if the applicant has indicated that the agency will not seek a share of the 1% ad valorem property taxes. The bill's language is shown in Attachment A for further review.

#### **RECOMMENDATION**

Staff recommends the Commission discuss this item and consider action on recommendation to support AB 3277 and direct the Executive Officer to submit a letter of support for all stages of the legislative process.

*"I move that the Del Norte LAFCo support AB 3277 and direct the Executive Officer to submit a letter of support, on behalf of the Commission, for all stages of the legislative process up to and including signature by the Governor."*

#### **ATTACHMENTS**

Attachment A - AB 3277 (Omnibus Bill)

Attachment B - AB 3277 Letter of Support



**AB-3277 Local agency formation commission: districts: property tax.** (2023-2024)

SHARE THIS:  

Date Published: 02/27/2024 09:00 PM

CALIFORNIA LEGISLATURE— 2023–2024 REGULAR SESSION

**ASSEMBLY BILL**

**NO. 3277**

**Introduced by Committee on Local Government**

**February 27, 2024**

An act to amend Section 56810 of the Government Code, relating to local government.

**LEGISLATIVE COUNSEL'S DIGEST**

AB 3277, as introduced, Committee on Local Government. Local agency formation commission: districts: property tax.

Existing law, the Cortese-Knox-Hertzberg Local Government Reorganization Act of 2000, establishes the sole and exclusive authority and procedures for the initiation, conduct, and completion of changes of organization and reorganization for cities and districts. Existing law requires proceedings for the formation of a district to be conducted as authorized by the principal act of the proposed district, and authorizes the local agency formation commission in each county to serve as the conducting authority, as specified. Existing law requires a commission to determine the amount of property tax revenue to be exchanged by an affected local agency, as specified, if the proposal includes the formation of a district, as defined.

This bill would, instead, require a commission to determine the amount of property tax revenue to be exchanged by an affected local agency if the proposal includes the formation of a district and the applicant is seeking a share of the 1% ad valorem property taxes. By adding to the duties of a local agency formation commission, the bill would impose a state-mandated local program.

The California Constitution requires the state to reimburse local agencies and school districts for certain costs mandated by the state. Statutory provisions establish procedures for making that reimbursement.

This bill would provide that, if the Commission on State Mandates determines that the bill contains costs mandated by the state, reimbursement for those costs shall be made pursuant to the statutory provisions noted above.

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

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

**SECTION 1.** Section 56810 of the Government Code is amended to read:

**56810.** (a) (1) If the proposal includes the incorporation of a city, as defined in Section 56043, the commission shall determine the amount of property tax revenue to be exchanged by the affected local agency pursuant to this section and Section 56815.

(2) If the proposal includes the formation of a district, as defined in Section 2215 of the Revenue and Taxation Code, *and if the applicant is seeking a share of the 1 percent ad valorem property taxes*, the commission shall determine the amount of property tax to be exchanged by the affected local agency pursuant to this section.

(b) The commission shall notify the county auditor of the proposal and the services which the new jurisdiction proposes to assume within the area, and identify for the auditor the existing service providers within the area subject to the proposal.

(c) If the proposal would not transfer all of an affected agency's service responsibilities to the proposed city or district, the commission and the county auditor shall do all of the following:

(1) The county auditor shall determine the proportion that the amount of property tax revenue derived by each affected local agency pursuant to subdivision (b) of Section 93 of the Revenue and Taxation Code bears to the total amount of revenue from all sources, available for general purposes, received by each affected local agency in the prior fiscal year. For purposes of making this determination and the determination required by paragraph (3), "total amount of revenue from all sources available for general purposes" means the total amount of revenue which an affected local agency may use on a discretionary basis for any purpose and does not include any of the following:

(A) Revenue which, by statute, is required to be used for a specific purpose.

(B) Revenue from fees, charges, or assessments which are levied to specifically offset the cost of particular services and do not exceed the cost reasonably borne in providing these services.

(C) Revenue received from the federal government which is required to be used for a specific purpose.

(2) The commission shall determine, based on information submitted by each affected local agency, an amount equal to the total net cost to each affected local agency during the prior fiscal year of providing those services which the new jurisdiction will assume within the area subject to the proposal. For purposes of this paragraph, "total net cost" means the total direct and indirect costs that were funded by general purpose revenues of the affected local agency and excludes any portion of the total cost that was funded by any revenues of that agency that are specified in subparagraphs (A), (B), and (C) of paragraph (1).

(3) The commission shall multiply the amount determined pursuant to paragraph (2) for each affected local agency by the corresponding proportion determined pursuant to paragraph (1) to derive the amount of property tax revenue used to provide services by each affected local agency during the prior fiscal year within the area subject to the proposal. The county auditor shall adjust the amount described in the previous sentence by the annual tax increment according to the procedures set forth in Chapter 6 (commencing with Section 95) of Part 0.5 of Division 1 of the Revenue and Taxation Code, to the fiscal year in which the new city or district receives its initial allocation of property taxes.

(4) For purposes of this subdivision, in any county in which, prior to the adoption of Article XIII A of the California Constitution, and continuing thereafter, a separate fund or funds were established consisting of revenues derived from the unincorporated area of the county and from which fund or funds services rendered in the unincorporated area have been paid, the amount of property tax revenues derived pursuant to paragraph (3), may, at the discretion of the commission, be transferred to the proposed city over a period not to exceed 12 fiscal years following its incorporation. In determining whether the transfer of the amount of property tax revenues determined pursuant to paragraph (3) shall occur entirely within the fiscal year immediately following the incorporation of the proposed city or shall be phased in over a period not to exceed 12 full fiscal years following the incorporation, the commission shall consider each of the following:

(A) The total amount of revenue from all sources available to the proposed city.

(B) The fiscal impact of the proposed transfer on the transferring agency.

(C) Any other relevant facts which interested parties to the exchange may present to the commission in written form.

The decision of the commission shall be supported by written findings setting forth the basis for its decision.

(d) If the proposal would transfer all of an affected agency's service responsibilities to the proposed city or district, the commission shall request the auditor to determine the property tax revenue generated for the affected service providers by tax rate area, or portion thereof, and transmit that information to the commission.

(e) The executive officer shall notify the auditor of the amount determined pursuant to paragraph (3) of subdivision (c) or subdivision (d), as the case may be, and, where applicable, the period of time within which and the procedure by which the transfer of property tax revenues will be effected pursuant to paragraph (4) of subdivision (c), at the time the executive officer records a certificate of completion pursuant to Section 57203 for any proposal described in subdivision (a), and the auditor shall transfer that amount to the new jurisdiction.

(f) The amendments to this section enacted during the 1985–86 Regular Session of the Legislature shall apply to any proposal described in subdivision (a) for which a certificate of completion is recorded with the county recorder on or after January 1, 1987.

(g) For purposes of this section, "prior fiscal year" means the most recent fiscal year for which data on actual direct and indirect costs and revenues needed to perform the calculations required by this section are available preceding the issuance of the certificate of filing.

(h) An action brought by a city or district to contest any determinations of the county auditor or the commission with regard to the amount of property tax revenue to be exchanged by the affected local agency pursuant to this section shall be commenced within three years of the effective date of the city's incorporation or the district's formation. These actions may be brought by any city that incorporated or by any district that formed on or after January 1, 1986.

(i) This section applies to any city that incorporated or district that formed on or after January 1, 1986.

(j) The calculations and procedures specified in this section shall be made prior to and shall be incorporated into the calculations specified in Section 56815.

**SEC. 2.** If the Commission on State Mandates determines that this act contains costs mandated by the state, reimbursement to local agencies and school districts for those costs shall be made pursuant to Part 7 (commencing with Section 17500) of Division 4 of Title 2 of the Government Code.





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Honorable Juan Carrillo, Chair  
Assembly Local Government Committee  
1020 N St. Rm. 157  
Sacramento, CA 95814

April 1, 2024

RE: SUPPORT of AB 3277, Local agency formation commission: districts: property tax

Dear Senator Carillo,

The Del Norte Local Agency Formation Commission (LAFCo) **Supports Assembly Bill 3277**, sponsored by the California Association of Local Agency Formation Commissions (CALAFCO), which makes a clarifying change to the Cortese-Knox-Hertzberg Local Government Reorganization Act of 2000 (the Act).

Under existing statute, a commission must perform a financial analysis of ad valorem property taxes when a proposal is received that includes the incorporation of a city and the formation of a district. The only purpose of the analysis is to determine how best to apportion the property taxes between the agencies. However, occasionally, an application is received in which the district waives any portion of the ad valorem taxes. In those situations, no analysis is needed for the process, yet it remains required by statute.

This bill will add language that clarifies that the performance of the financial analysis in that situation only needs to be performed in those instances where a portion of the ad valorem property taxes is being sought.

By making this minor change, **AB 3277** will apply this time-consuming process only to those applications that require it.

For the reasons noted above, Del Norte LAFCO **Supports AB 3277**.

Sincerely,

Blake Inscore, Chairperson  
Del Norte LAFCO

cc: Members and Consultants, Assembly Local Government Committee  
William Weber, Consultant, Assembly Republican Caucus  
René LaRoche, Executive Director, CALAFCO



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**AGENDA ITEM 3E**

**MEETING DATE:** April 1, 2024  
**TO:** Del Norte Local Agency Formation Commission  
**FROM:** George Williamson AICP, Executive Officer  
**SUBJECT:** **SB 1209 Letter of Support**  
The Commission will receive a report regarding SB 1209 which is currently being considered by the state legislature. This bill, if enacted, would authorize LAFCo to require an indemnification agreement as part of an application for reorganization or change in service.

---

**BACKGROUND**

The State Legislature reconvened from the winter recess on January 3, 2024. Approximately 2,100 bills were introduced during the 2024 legislative session, which included an estimated 1,500 bills in the Assembly and 600 in the Senate. The deadline to introduce a bill was February 17. All bills must pass out of their house of origin (Assembly or Senate) no later than May 17. Afterwards, all bills must pass through both houses by August 31 with a 30-day period for the Governor to either sign or veto passed bills. More information is available on <http://leginfo.legislature.ca.gov/>.

LAFCo staff, through participation on the California Association of LAFCOs (CALAFCO) Legislative Committee, monitors proposed LAFCo-related legislation. During the January 12th and February 16th Committee Meetings, CALAFCO provided an update on bills continued from the 2023 legislative session and this year's Omnibus Bill. Of note is Senate Bill 1209 relating to indemnification.

**DISCUSSION**

The Cortese-Knox-Hertzberg Local Government Reorganization Act of 2000 continues the existence of a local agency formation commission (LAFCo) in each county that consists of members appointed, as specified, that oversee changes of organization and reorganization. The act authorizes a LAFC to, among other things, review and approve with or without amendment, wholly, partially, or conditionally, or disapprove proposals for changes of organization or reorganization, as specified. SB 1209 would authorize a LAFCo to require, as a condition for, among other things, processing a change of organization or reorganization, that the applicant agrees to defend, indemnify, and hold harmless the LAFCo, its agents, officers, and employees from and against any claim, action, or proceeding, as specified, arising from or relating to the action or determination by the LAFCo.

Since LAFcos rely on member contributions to fund the daily operations of the commission and conduct municipal services reviews, annual budgets typically do not include contingencies for substantial legal fees, and reserves can be limited. In the event of a major claim, action, or other proceeding against the commission, the associated legal fees could quickly deplete Commission resources. Indemnification would help protect LAFcos from these types of major legal fees.

#### **RECOMMENDATION**

Staff recommends the Commission discuss this item and consider action on recommendation to support SB 1209 and direct the Executive Officer to submit a letter of support for all stages of the legislative process.

*"I move that the Del Norte LAFCo support SB 1209 and direct the Executive Officer to submit a letter of support, on behalf of the Commission, for all stages of the legislative process up to and including signature by the Governor."*

#### **ATTACHMENTS**

Attachment A - SB 1209 (Indemnification)

Attachment B - SB1209 Letter of Support


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## SB-1209 Local agency formation commission: indemnification. (2023-2024)

SHARE THIS:



Date Published: 02/15/2024 09:00 PM

CALIFORNIA LEGISLATURE— 2023–2024 REGULAR SESSION

### SENATE BILL

**NO. 1209**

Introduced by Senator Cortese

February 15, 2024

An act to add Section 56383.5 to the Government Code, relating to local government.

### LEGISLATIVE COUNSEL'S DIGEST

SB 1209, as introduced, Cortese. Local agency formation commission: indemnification.

Existing law, the Cortese-Knox-Hertzberg Local Government Reorganization Act of 2000, provides the exclusive authority and procedure for the initiation, conduct, and completion of changes of organization and reorganization for cities and districts, except as specified. The act continues in existence in each county a local agency formation commission (LAFCO) that consists of members appointed, as specified, and oversees those changes of organization and reorganization. The act authorizes a LAFCO to, among other things, review and approve with or without amendment, wholly, partially, or conditionally, or disapprove proposals for changes of organization or reorganization, as specified.

This bill would authorize a LAFCO to require, as a condition for, among other things, processing a change of organization or reorganization, that the applicant agrees to defend, indemnify, and hold harmless the LAFCO, its agents, officers, and employees from and against any claim, action, or proceeding, as specified, arising from or relating to the action or determination by the LAFCO.

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

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

**SECTION 1.** Section 56383.5 is added to the Government Code, to read:

**56383.5.** The commission may require, as a condition for processing a change of organization or reorganization, a sphere amendment or a sphere update, or any other action or determination requested from the commission, that the applicant agrees to defend, indemnify, and hold harmless the commission, its agents, officers, and employees from any claim, action, or proceeding against the commission, its agents, officers, or employees arising from or relating to the action or determination by the commission.



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eo@delnortelafco.org

Honorable David Cortese  
California State Senate  
1021 O Street, Suite 6630  
Sacramento, CA 95814

April 1, 2024

RE: **SB 1209 (Cortese): Local agency formation commission: indemnification - *SUPPORT***  
***Awaiting hearing - Senate Local Government Committee***

Dear Senator Cortese:

The Del Norte Local Agency Formation Commission (LAFCO) is pleased to support Senate Bill 1209, sponsored by the California Association of Local Agency Formation Commissions (CALAFCO). SB 1209 would add a new section into Government Code authorizing LAFCOs to enter into an indemnification agreement with an applicant. Counties and cities are already empowered to require indemnification, and routinely do so with respect to discretionary land-use approvals. SB 1209 would merely provide LAFCOs with the same authority.

This bill addresses a 2022 decision of the Second District Court of Appeals, which found that existing State law does not provide explicit authority to require indemnification. Absent indemnification authority - and because LAFCO funding is statutorily required in a specified ratio from the county, cities, and special districts within a county - the costs to defend litigation must be absorbed by all of LAFCO's funding agencies.

Consequently, SB 1209 will:

- Provide LAFCOs with the ability to use a tool already in use by counties and cities;
- Prevent costs to defend litigation from being shifted to a county, its cities, and its special districts; and
- Remove the possibility that an applicant threatens litigation to coerce a desirable LAFCO determination.

Thus, for the above reasons, Del Norte LAFCO is in strong ***support of SB 1209.***

Sincerely,

Blake Inscore, Chairperson  
Del Norte LAFCO

cc: The Honorable Maria Elena Durazo, Chair, and Members, Senate Local Government Committee  
Anton Favorini-Csorba, Chief Consultant, Senate Local Government Committee  
Ryan Eisberg, Consultant, Senate Republican Caucus  
Rene' LaRoche, Executive Director, CALAFCO