

AMENDED IN SENATE MARCH 28, 2016

SENATE BILL

No. 1318

Introduced by Senator Wolk

February 19, 2016

An act to amend Sections 56133, 56133.5, 56375, 56425, and 56430 of the Government Code, relating to local government.

LEGISLATIVE COUNSEL'S DIGEST

SB 1318, as amended, Wolk. Local government: drinking water infrastructure or services: wastewater infrastructure or services.

The Cortese-Knox-Hertzberg Local Government Reorganization Act of 2000 governs the procedures for the formation and change of organization of cities and special districts.

Existing law authorizes a city or district to provide new or extended services by contract or agreement outside its jurisdictional boundaries only if the city or district requests and receives permission to do so from the local agency formation commission in the affected county. Under existing law, the commission may authorize a city or district to provide new or extended services outside both its jurisdictional boundaries and its sphere of influence under specified circumstances.

This bill would prohibit the commission from authorizing a city or a district to extend drinking water infrastructure or services or wastewater infrastructure or services until it has ~~extended those~~ *entered into an enforceable agreement to extend the same services* to all disadvantaged communities ~~within or adjacent to its sphere of influence, as specified, or has entered into an agreement to extend those services to those disadvantaged communities, influence or adjacent to its jurisdictional boundaries~~, unless specified conditions are met. The bill would prohibit the commission from approving a sphere of influence update where

there exists a disadvantaged unincorporated community within ~~or adjacent to the city~~ *city's* or special district's sphere of influence ~~or contiguous with a city's or qualifying special district's jurisdictional boundaries~~ that lacks safe drinking water infrastructure or services or adequate wastewater infrastructure or services unless specified conditions are met.

Existing law establishes a pilot program for the Napa and San Bernardino local agency formation commissions that permits those commissions to authorize a city or district to provide new or extended services outside both its jurisdictional boundaries and its sphere of influence under specified circumstances.

This bill would prohibit those commissions from authorizing a city or a district to extend drinking water infrastructure or services or wastewater infrastructure or services until it has ~~extended~~ *entered into an enforceable agreement to extend those services to all disadvantaged communities within or adjacent to its sphere of influence, as specified, or has entered into an agreement to extend those services to those disadvantaged communities.* *influence or contiguous with a city's or district's jurisdictional boundaries that lack safe drinking water or adequate wastewater infrastructure or services unless specified conditions are met.*

Existing law, except as otherwise provided, prohibits a local agency formation commission from approving an annexation to a city of any territory greater than 10 acres, or as determined by commission policy, where there exists a disadvantaged unincorporated community, as specified, unless an application to annex the disadvantaged unincorporated community to the subject city has been filed with the executive officer.

This bill would extend that prohibition to ~~the~~ *an* annexation to a qualified special district. The bill would additionally prohibit a commission from approving an annexation to a city or qualified special district of any territory greater than 10 acres, or as determined by commission policy, where there exists a disadvantaged unincorporated community within ~~or adjacent to the~~ sphere of influence of a city or qualified special district ~~or contiguous to the city's or qualified special district's jurisdictional boundaries~~ that lacks safe drinking water infrastructure or services or adequate wastewater infrastructure or services, ~~unless~~ *unless, among other things, the city or qualified special district has entered into an enforceable agreement to extend those services into the disadvantaged community or communities, as specified.*

communities. The bill would define “qualified special district” to mean a special district with more than 500 ~~service connections~~: *connections that provides drinking water or wastewater services*.

Existing law requires a local agency formation commission to develop and determine the sphere of influence of each city and each special district within the county and to enact policies designed to promote the logical and orderly development of areas within the sphere. Existing law authorizes the commission, in determining a sphere of influence, to assess the feasibility of governmental reorganization of particular agencies and recommend reorganization of those agencies, as provided.

This bill would instead require the commission to assess the feasibility of governmental reorganization of particular agencies and recommend reorganization of those agencies. The bill would prohibit a commission from approving a sphere of influence update that removes a disadvantaged community from a city’s *or special district’s* sphere of influence unless ~~a majority of the voters in the disadvantaged community approve of the proposed sphere of influence~~: *the commission makes a finding that removal of the community will result in improved service delivery to the community*.

Existing law requires a commission, in preparing and updating spheres of influence, to conduct a service review of the municipal services provided in the county or other area designated by the commission. Existing law authorizes the commission, in conducting the review, to assess various alternatives for improving efficiency and affordability of infrastructure and service delivery, as specified, and to include a review of whether the agencies under review are in compliance with the California Safe Drinking Water Act.

~~This~~

Where there exists a disadvantaged unincorporated community that lacks adequate drinking water and wastewater services and infrastructure within or contiguous with the subject sphere, this bill would instead require the commission to make the assessment of ~~alternative~~ alternatives and to include the safe drinking water review described ~~above~~: above if the information is readily available.

By imposing new duties on local government officials, this bill would impose a ~~state-mandate~~ *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 these statutory provisions.

Vote: majority. Appropriation: no. Fiscal committee: yes.
State-mandated local program: yes.

The people of the State of California do enact as follows:

1 SECTION 1. Section 56133 of the Government Code is
2 amended to read:

3 56133. (a) A city or district may provide new or extended
4 services by contract or agreement outside its jurisdictional
5 boundary only if it first requests and receives written approval
6 from the commission.

7 (b) The commission may authorize a city or district to provide
8 new or extended services outside its jurisdictional boundary but
9 within its sphere of influence in anticipation of a later change of
10 organization.

11 (c) If consistent with adopted policy, the commission may
12 authorize a city or district to provide new or extended services
13 outside its jurisdictional boundary and outside its sphere of
14 influence to respond to an existing or impending threat to the health
15 or safety of the public or the residents of the affected territory, if
16 both of the following requirements are met:

17 (1) The entity applying for approval has provided the
18 commission with documentation of a threat to the health and safety
19 of the public or the affected residents.

20 (2) The commission has notified any alternate service provider,
21 including any water corporation as defined in Section 241 of the
22 Public Utilities Code, that has filed a map and a statement of its
23 service capabilities with the commission.

24 (d) The commission shall not authorize a city or a district to
25 extend drinking water infrastructure or services or wastewater
26 infrastructure or services pursuant to this section until it has
27 ~~extended those~~ *entered into an enforceable agreement to extend*
28 *the same* services to all disadvantaged communities within ~~or~~
29 ~~adjacent to its sphere of influence that are facing existing or~~
30 ~~impending threats to the public health or safety or has entered into~~
31 ~~an agreement to extend those services to those disadvantaged~~

1 communities that are facing existing or impending threats to the
2 public health or safety, or adjacent to its jurisdictional boundaries
3 that lack safe drinking water or adequate wastewater services or
4 infrastructure as soon as feasible to do so but within a period no
5 longer than five years, unless either of the following conditions
6 are met:

7 (1) The commission finds, based upon written evidence, that a
8 majority of the residents of the affected disadvantaged community
9 or communities are opposed to receiving the identified service or
10 services. *These findings shall not interfere with or inform other*
11 *programs or policies designed to expand basic services to*
12 *disadvantaged unincorporated communities, including, but not*
13 *limited to, Sections 116680 to 116684, inclusive, of the Health and*
14 *Safety Code.*

15 (2) The extension of services is authorized pursuant to
16 subdivision—(e): (c) or the extension of services is to a
17 disadvantaged community.

18 (e) The executive officer, within 30 days of receipt of a request
19 for approval by a city or district to extend services outside its
20 jurisdictional boundary, shall determine whether the request is
21 complete and acceptable for filing or whether the request is
22 incomplete. If a request is determined not to be complete, the
23 executive officer shall immediately transmit that determination to
24 the requester, specifying those parts of the request that are
25 incomplete and the manner in which they can be made complete.
26 When the request is deemed complete, the executive officer shall
27 place the request on the agenda of the next commission meeting
28 for which adequate notice can be given but not more than 90 days
29 from the date that the request is deemed complete, unless the
30 commission has delegated approval of requests made pursuant to
31 this section to the executive officer. The commission or executive
32 officer shall approve, disapprove, or approve with conditions the
33 extended services. If the new or extended services are disapproved
34 or approved with conditions, the applicant may request
35 reconsideration, citing the reasons for reconsideration.

36 (f) This section does not apply to any of the following:

37 (1) Two or more public agencies where the public service to be
38 provided is an alternative to, or substitute for, public services
39 already being provided by an existing public service provider and

1 where the level of service to be provided is consistent with the
2 level of service contemplated by the existing service provider.

3 (2) The transfer of nonpotable or nontreated water.

4 (3) The provision of surplus water to agricultural lands and
5 facilities, including, but not limited to, incidental residential
6 structures, for projects that serve conservation purposes or that
7 directly support agricultural industries. However, prior to extending
8 surplus water service to any project that will support or induce
9 development, the city or district shall first request and receive
10 written approval from the commission in the affected county.

11 (4) An extended service that a city or district was providing on
12 or before January 1, 2001.

13 (5) A local publicly owned electric utility, as defined by Section
14 9604 of the Public Utilities Code, providing electric services that
15 do not involve the acquisition, construction, or installation of
16 electric distribution facilities by the local publicly owned electric
17 utility, outside of the utility's jurisdictional boundary.

18 (6) A fire protection contract, as defined in subdivision (a) of
19 Section 56134.

20 (g) This section applies only to the commission of the county
21 in which the extension of service is proposed.

22 (h) The commission shall not approve a sphere of influence
23 update where there exists a disadvantaged unincorporated
24 community ~~within or adjacent to the city~~ *city's* or special district's
25 sphere of influence *or contiguous with a city's or qualifying special*
26 *district's jurisdictional boundaries* that lacks safe drinking water
27 infrastructure or services or adequate wastewater infrastructure or
28 services unless the city or special district *or qualified special*
29 *district* has entered into an enforceable agreement to extend those
30 services into the disadvantaged community or communities *as*
31 *soon as feasible to do so but within a period no longer than five*
32 *years of the approval of the* sphere of influence change or the
33 commission finds, based upon written evidence, that a majority of
34 the residents of the affected disadvantaged community or
35 communities are opposed to receiving the identified service or
36 services.

37 *(1) These findings shall not interfere with or inform other*
38 *programs or policies designed to expand basic services to*
39 *disadvantaged unincorporated communities, including, but not*

1 *limited to, Sections 116680 to 116684, inclusive, of the Health and*
2 *Safety Code.*

3 *(2) A qualifying special district is a special district with more*
4 *than 500 service connections that provides drinking water or*
5 *wastewater services.*

6 SEC. 2. Section 56133.5 of the Government Code is amended
7 to read:

8 56133.5. (a) A pilot program is hereby established for the
9 Napa and San Bernardino commissions. If consistent with adopted
10 policy, the Napa and San Bernardino commissions may authorize
11 a city or district to provide new or extended services outside its
12 jurisdictional boundary and outside its sphere of influence to
13 support existing or planned uses involving public or private
14 properties, subject to approval at a noticed public hearing in which
15 the commission makes all of the following determinations:

16 (1) The extension of service or services deficiency was identified
17 and evaluated in a review of municipal services prepared pursuant
18 to Section 56430.

19 (2) The extension of service will not result in either (1) adverse
20 impacts on open space or agricultural lands or (2) growth inducing
21 impacts.

22 (3) A sphere of influence change involving the subject territory
23 and its affected agency is not feasible under this division or
24 desirable based on the adopted policies of the commission.

25 (b) Subdivision (d) of Section 56133 shall apply to any request
26 for new or extended services pursuant to this section.

27 (c) ~~The Napa and San Bernardino~~ commissions shall not
28 authorize a city or a district to extend drinking water infrastructure
29 or services or wastewater infrastructure or services pursuant to
30 this section until it has ~~extended~~ *entered into an enforceable*
31 *agreement to extend* those services to all disadvantaged
32 communities ~~within or adjacent to its sphere of influence that are~~
33 ~~facing existing or impending threats to the public health or safety~~
34 ~~or has entered into an agreement to extend those services to those~~
35 ~~disadvantaged communities that are facing existing or impending~~
36 ~~threats to public health or safety.~~ *or contiguous with a city's or*
37 *district's jurisdictional boundaries that lack safe drinking water*
38 *or adequate wastewater infrastructure or services as soon as*
39 *feasible to do so but within a period no longer than five years of*

1 *the approval of the underlying extension, unless either of the*
2 *following conditions are met:*

3 (1) *The commission finds, based upon written evidence, that a*
4 *majority of the residents of the affected disadvantaged community*
5 *or communities are opposed to receiving the identified service or*
6 *services. These findings shall not interfere with or inform other*
7 *programs or policies designed to expand basic services to*
8 *disadvantaged unincorporated communities, including, but not*
9 *limited to, Sections 116680 to 116684, inclusive, of the Health and*
10 *Safety Code.*

11 (2) *The extension of services is to a disadvantaged community.*

12 (d) For purposes of this section, “planned use” means any project
13 that is included in an approved specific plan as of July 1, 2015.

14 (e) The Napa and San Bernardino commissions shall submit a
15 report before January 1, 2020, to the Legislature on their
16 participation in the pilot program, including how many requests
17 for extension of services were received pursuant to this section
18 and the action by the commission to approve, disapprove, or
19 approve with conditions. The report required to be submitted
20 pursuant to this subdivision shall be submitted in compliance with
21 Section 9795 of the Government Code.

22 (f) The pilot program established pursuant to this section shall
23 be consistent with Chapter 8.5 (commencing with Section 1501)
24 of the Public Utilities Code.

25 (g) This section shall remain in effect only until January 1, 2021,
26 and as of that date is repealed.

27 SEC. 3. Section 56375 of the Government Code is amended
28 to read:

29 56375. The commission shall have all of the following powers
30 and duties subject to any limitations upon its jurisdiction set forth
31 in this part:

32 (a) (1) To review and approve with or without amendment,
33 wholly, partially, or conditionally, or disapprove proposals for
34 changes of organization or reorganization, consistent with written
35 policies, procedures, and guidelines adopted by the commission.

36 (2) The commission may initiate proposals by resolution of
37 application for any of the following:

38 (A) The consolidation of a district, as defined in Section 56036.

39 (B) The dissolution of a district.

40 (C) A merger.

1 (D) The establishment of a subsidiary district.

2 (E) The formation of a new district or districts.

3 (F) A reorganization that includes any of the changes specified
4 in subparagraph (A), (B), (C), (D), or (E).

5 (3) A commission may initiate a proposal described in paragraph
6 (2) only if that change of organization or reorganization is
7 consistent with a recommendation or conclusion of a study
8 prepared pursuant to Section 56378, 56425, or 56430, and the
9 commission makes the determinations specified in subdivision (b)
10 of Section 56881.

11 (4) A commission shall not disapprove an annexation to a city,
12 initiated by resolution, of contiguous territory that the commission
13 finds is any of the following:

14 (A) Surrounded or substantially surrounded by the city to which
15 the annexation is proposed or by that city and a county boundary
16 or the Pacific Ocean if the territory to be annexed is substantially
17 developed or developing, is not prime agricultural land as defined
18 in Section 56064, is designated for urban growth by the general
19 plan of the annexing city, and is not within the sphere of influence
20 of another city.

21 (B) Located within an urban service area that has been delineated
22 and adopted by a commission, which is not prime agricultural land,
23 as defined by Section 56064, and is designated for urban growth
24 by the general plan of the annexing city.

25 (C) An annexation or reorganization of unincorporated islands
26 meeting the requirements of Section 56375.3.

27 (5) As a condition to the annexation of an area that is
28 surrounded, or substantially surrounded, by the city to which the
29 annexation is proposed, the commission may require, where
30 consistent with the purposes of this division, that the annexation
31 include the entire island of surrounded, or substantially surrounded,
32 territory.

33 (6) A commission shall not impose any conditions that would
34 directly regulate land use density or intensity, property
35 development, or subdivision requirements.

36 (7) The decision of the commission with regard to a proposal
37 to annex territory to a city shall be based upon the general plan
38 and rezoning of the city. When the development purposes are not
39 made known to the annexing city, the annexation shall be reviewed
40 on the basis of the adopted plans and policies of the annexing city

1 or county. A commission shall require, as a condition to
2 annexation, that a city prezone the territory to be annexed or present
3 evidence satisfactory to the commission that the existing
4 development entitlements on the territory are vested or are already
5 at build-out, and are consistent with the city's general plan.
6 However, the commission shall not specify how, or in what
7 manner, the territory shall be zoned.

8 (8) (A) Except for those changes of organization or
9 reorganization authorized under Section 56375.3, and except as
10 provided by subparagraph (B), a commission shall not approve an
11 annexation to a city or to a qualified special district of any territory
12 greater than 10 acres, or as determined by commission policy,
13 where either of the following exists:

14 (i) (I) A disadvantaged unincorporated community that is
15 contiguous to the area of proposed annexation, unless an
16 application to annex the disadvantaged unincorporated community
17 to the subject city has been filed with the executive officer.

18 (II) An application to annex a contiguous disadvantaged
19 community shall not be required if either of the following apply:

20 (ia) A prior application for annexation of the same disadvantaged
21 community has been made in the preceding five years.

22 (ib) The commission finds, based upon written evidence, that
23 a majority of the registered voters within the affected disadvantaged
24 community are opposed to annexation.

25 (ii) A disadvantaged unincorporated community within—~~or~~
26 ~~adjacent to~~ the sphere of influence of a city or qualified special
27 ~~district or contiguous to the city's or qualified special district's~~
28 *jurisdictional boundaries* that lacks safe drinking water
29 infrastructure or services or adequate wastewater infrastructure or
30 services unless ~~the~~ *any of the following conditions are met:*

31 (I) *The city or qualified special district has entered into an*
32 *enforceable agreement to extend those services into the*
33 *disadvantaged community or communities as soon as feasible to*
34 *do so but within a period no longer than five years of the*
35 *completion approval of the annexation.*

36 (II) *The commission finds, based upon written evidence, that a*
37 *majority of the residents of the affected disadvantaged community*
38 *or communities are opposed to receiving the identified service or*
39 *services. These findings shall not interfere with or inform other*
40 *programs or policies designed to expand basic services to*

1 *disadvantaged unincorporated communities, including, but not*
2 *limited to, Sections 116680 to 116684, inclusive, of the Health and*
3 *Safety Code.*

4 *(III) The annexation is an annexation of a disadvantaged*
5 *community.*

6 (B) For purposes of this paragraph, “a qualified special district”
7 means a special district with more than 500 service-connections.
8 *connections that provides drinking water or wastewater services.*

9 (b) With regard to a proposal for annexation or detachment of
10 territory to, or from, a city or district or with regard to a proposal
11 for reorganization that includes annexation or detachment, to
12 determine whether territory proposed for annexation or detachment,
13 as described in its resolution approving the annexation, detachment,
14 or reorganization, is inhabited or uninhabited.

15 (c) With regard to a proposal for consolidation of two or more
16 cities or districts, to determine which city or district shall be the
17 consolidated successor city or district.

18 (d) To approve the annexation of unincorporated, noncontiguous
19 territory, subject to the limitations of Section 56742, located in the
20 same county as that in which the city is located, and that is owned
21 by a city and used for municipal purposes and to authorize the
22 annexation of the territory without notice and hearing.

23 (e) To approve the annexation of unincorporated territory
24 consistent with the planned and probable use of the property based
25 upon the review of general plan and rezoning designations. No
26 subsequent change may be made to the general plan for the annexed
27 territory or zoning that is not in conformance to the rezoning
28 designations for a period of two years after the completion of the
29 annexation, unless the legislative body for the city makes a finding
30 at a public hearing that a substantial change has occurred in
31 circumstances that necessitate a departure from the rezoning in
32 the application to the commission.

33 (f) With respect to the incorporation of a new city or the
34 formation of a new special district, to determine the number of
35 registered voters residing within the proposed city or special district
36 or, for a landowner-voter special district, the number of owners
37 of land and the assessed value of their land within the territory
38 proposed to be included in the new special district. The number
39 of registered voters shall be calculated as of the time of the last
40 report of voter registration by the county elections official to the

1 Secretary of State prior to the date the first signature was affixed
2 to the petition. The executive officer shall notify the petitioners of
3 the number of registered voters resulting from this calculation.
4 The assessed value of the land within the territory proposed to be
5 included in a new landowner-voter special district shall be
6 calculated as shown on the last equalized assessment roll.

7 (g) To adopt written procedures for the evaluation of proposals,
8 including written definitions consistent with existing state law.
9 The commission may adopt standards for any of the factors
10 enumerated in Section 56668. Any standards adopted by the
11 commission shall be written.

12 (h) To adopt standards and procedures for the evaluation of
13 service plans submitted pursuant to Section 56653 and the initiation
14 of a change of organization or reorganization pursuant to
15 subdivision (a).

16 (i) To make and enforce regulations for the orderly and fair
17 conduct of hearings by the commission.

18 (j) To incur usual and necessary expenses for the
19 accomplishment of its functions.

20 (k) To appoint and assign staff personnel and to employ or
21 contract for professional or consulting services to carry out and
22 effect the functions of the commission.

23 (l) To review the boundaries of the territory involved in any
24 proposal with respect to the definiteness and certainty of those
25 boundaries, the nonconformance of proposed boundaries with lines
26 of assessment or ownership, and other similar matters affecting
27 the proposed boundaries.

28 (m) To waive the restrictions of Section 56744 if it finds that
29 the application of the restrictions would be detrimental to the
30 orderly development of the community and that the area that would
31 be enclosed by the annexation or incorporation is so located that
32 it cannot reasonably be annexed to another city or incorporated as
33 a new city.

34 (n) To waive the application of Section 22613 of the Streets and
35 Highways Code if it finds the application would deprive an area
36 of a service needed to ensure the health, safety, or welfare of the
37 residents of the area and if it finds that the waiver would not affect
38 the ability of a city to provide any service. However, within 60
39 days of the inclusion of the territory within the city, the legislative
40 body may adopt a resolution nullifying the waiver.

1 (o) If the proposal includes the incorporation of a city, as defined
2 in Section 56043, or the formation of a district, as defined in
3 Section 2215 of the Revenue and Taxation Code, the commission
4 shall determine the property tax revenue to be exchanged by the
5 affected local agencies pursuant to Section 56810.

6 (p) To authorize a city or district to provide new or extended
7 services outside its jurisdictional boundaries pursuant to Section
8 56133.

9 (q) To enter into an agreement with the commission for an
10 adjoining county for the purpose of determining procedures for
11 the consideration of proposals that may affect the adjoining county
12 or where the jurisdiction of an affected agency crosses the boundary
13 of the adjoining county.

14 (r) To approve with or without amendment, wholly, partially,
15 or conditionally, or disapprove pursuant to this section the
16 annexation of territory served by a mutual water company formed
17 pursuant to Part 7 (commencing with Section 14300) of Division
18 3 of Title 1 of the Corporations Code that operates a public water
19 system to a city or special district. Any annexation approved in
20 accordance with this subdivision shall be subject to the state and
21 federal constitutional prohibitions against the taking of private
22 property without the payment of just compensation. This
23 subdivision shall not impair the authority of a public agency or
24 public utility to exercise eminent domain authority.

25 SEC. 4. Section 56425 of the Government Code is amended
26 to read:

27 56425. (a) In order to carry out its purposes and responsibilities
28 for planning and shaping the logical and orderly development and
29 coordination of local governmental agencies subject to the
30 jurisdiction of the commission to advantageously provide for the
31 present and future needs of the county and its communities, the
32 commission shall develop and determine the sphere of influence
33 of each city and each special district, as defined by Section 56036,
34 within the county and enact policies designed to promote the logical
35 and orderly development of areas within or adjacent to the sphere.

36 (b) Prior to a city submitting an application to the commission
37 to update its sphere of influence, representatives from the city and
38 representatives from the county shall meet to discuss the proposed
39 new boundaries of the sphere and explore methods to reach
40 agreement on development standards and planning and zoning

1 requirements within the sphere to ensure that development within
2 the sphere occurs in a manner that reflects the concerns of the
3 affected city and is accomplished in a manner that promotes the
4 logical and orderly development of areas within the sphere. If an
5 agreement is reached between the city and county, the city shall
6 forward the agreement in writing to the commission, along with
7 the application to update the sphere of influence. The commission
8 shall consider and adopt a sphere of influence for the city consistent
9 with the policies adopted by the commission pursuant to this
10 section, and the commission shall give great weight to the
11 agreement to the extent that it is consistent with commission
12 policies in its final determination of the city sphere.

13 (c) If the commission's final determination is consistent with
14 the agreement reached between the city and county pursuant to
15 subdivision (b), the agreement shall be adopted by both the city
16 and county after a noticed public hearing. Once the agreement has
17 been adopted by the affected local agencies and their respective
18 general plans reflect that agreement, then any development
19 approved by the county within the sphere shall be consistent with
20 the terms of that agreement.

21 (d) If no agreement is reached pursuant to subdivision (b), the
22 application may be submitted to the commission and the
23 commission shall consider a sphere of influence for the city
24 consistent with the policies adopted by the commission pursuant
25 to this section.

26 (e) In determining the sphere of influence of each local agency,
27 the commission shall consider and prepare a written statement of
28 its determinations with respect to each of the following:

29 (1) The present and planned land uses in the area, including
30 agricultural and open-space lands.

31 (2) The present and probable need for public facilities and
32 services in the area.

33 (3) The present capacity of public facilities and adequacy of
34 public services that the agency provides or is authorized to provide.

35 (4) The existence of any social or economic communities of
36 interest in the area if the commission determines that they are
37 relevant to the agency.

38 (5) For an update of a sphere of influence of a city or special
39 district that provides public facilities or services related to sewers,
40 municipal and industrial water, or structural fire protection, that

1 occurs pursuant to subdivision (g) on or after July 1, 2012, the
2 present and probable need for those public facilities and services
3 of any disadvantaged unincorporated communities within or
4 adjacent *to* the existing sphere of influence.

5 (f) Upon determination of a sphere of influence, the commission
6 shall adopt that sphere.

7 (g) On or before January 1, 2008, and every five years thereafter,
8 the commission shall, as necessary, review and update each sphere
9 of influence.

10 (h) In determining a sphere of influence, the commission shall
11 assess the feasibility of governmental reorganization of particular
12 agencies and recommend reorganization of those agencies when
13 reorganization is found to be feasible and if reorganization will
14 further the goals of orderly development and efficient and
15 affordable service delivery. The commission shall make all
16 reasonable efforts to ensure wide public dissemination of the
17 recommendations.

18 (i) When adopting, amending, or updating a sphere of influence
19 for a special district, the commission shall establish the nature,
20 location, and extent of any functions or classes of services provided
21 by existing districts.

22 (j) When adopting, amending, or updating a sphere of influence
23 for a special district, the commission may require existing districts
24 to file written statements with the commission specifying the
25 functions or classes of services provided by those districts.

26 (k) The commission shall not approve a sphere of influence
27 update that removes a disadvantaged community from a city's
28 ~~sphere of influence unless a majority of the voters in the~~
29 ~~disadvantaged community approve of the proposed sphere of~~
30 ~~influence.~~ *city or a special district unless the commission makes*
31 *a finding, based on written evidence, that the removal of the*
32 *disadvantaged community will result in improved service delivery*
33 *to the community.*

34 SEC. 5. Section 56430 of the Government Code is amended
35 to read:

36 56430. (a) In order to prepare and to update spheres of
37 influence in accordance with Section 56425, the commission shall
38 conduct a service review of the municipal services provided in the
39 county or other appropriate area designated by the commission.
40 The commission shall include in the area designated for service

1 review the county, the region, the subregion, or any other
2 geographic area as is appropriate for an analysis of the service or
3 services to be reviewed, and shall prepare a written statement of
4 its determinations with respect to each of the following:

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

6 (2) The location and characteristics of any disadvantaged
7 unincorporated communities within or contiguous to the sphere
8 of influence.

9 (3) Present and planned capacity of public facilities, adequacy
10 of public services, and infrastructure needs or deficiencies including
11 needs or deficiencies related to sewers, municipal and industrial
12 water, and structural fire protection in any disadvantaged,
13 unincorporated communities within or contiguous to the sphere
14 of influence.

15 (4) Financial ability of agencies to provide services.

16 (5) Status of, and opportunities for, shared facilities.

17 (6) Accountability for community service needs, including
18 governmental structure and operational efficiencies.

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

21 (b) In conducting a service review, the commission shall
22 comprehensively review all of the agencies that provide the
23 identified service or services within the designated geographic
24 area. ~~The commission~~ *Where there exists a disadvantaged*
25 *unincorporated community that lacks adequate drinking water*
26 *and wastewater services and infrastructure within or contiguous*
27 *with the subject sphere, the commission* shall assess various
28 alternatives for improving efficiency and affordability of
29 infrastructure and service delivery within and contiguous to the
30 sphere of influence, including, but not limited to, the consolidation
31 of governmental agencies or the extension of services, or both.

32 (c) In conducting a service review, the commission shall include
33 a review of whether the agencies under review, including any
34 public water system as defined in Section ~~116275~~, *116275 of the*
35 *Health and Safety Code*, are in compliance with the California
36 Safe Drinking Water Act (Chapter 4 (commencing with Section
37 116270) of Part 12 of Division 104 of the Health and Safety ~~Code~~).
38 *Code*) if the information is readily available. A public water system
39 may satisfy any request for information as to compliance with that
40 act by submission of the consumer confidence or water quality

1 report prepared by the public water system as provided by Section
2 116470 of the Health and Safety Code.

3 (d) The commission may request information, as part of a service
4 review under this section, from identified public or private entities
5 that provide wholesale or retail supply of drinking water, including
6 mutual water companies formed pursuant to Part 7 (commencing
7 with Section 14300) of Division 3 of Title 1 of the Corporations
8 Code, and private utilities, as defined in Section 1502 of the Public
9 Utilities Code.

10 (e) The commission shall conduct a service review before, or
11 in conjunction with, but no later than the time it is considering an
12 action to establish a sphere of influence in accordance with Section
13 56425 or 56426.5 or to update a sphere of influence pursuant to
14 Section 56425.

15 SEC. 6. If the Commission on State Mandates determines that
16 this act contains costs mandated by the state, reimbursement to
17 local agencies and school districts for those costs shall be made
18 pursuant to Part 7 (commencing with Section 17500) of Division
19 4 of Title 2 of the Government Code.