
THIRD READING

Bill No: SB 13
Author: Dodd (D)
Amended: 5/11/21
Vote: 27 - Urgency

SENATE GOVERNANCE & FIN. COMMITTEE: 5-0, 5/6/21
AYES: McGuire, Nielsen, Durazo, Hertzberg, Wiener

SUBJECT: Local agency services: contracts: Counties of Napa and San Bernardino

SOURCE: Author

DIGEST: This bill reauthorizes the Napa and San Bernardino local agency formation commissions (LAFCO) pilot program to approve extensions of service outside of a local agency's sphere of influence, and expands the program to allow Napa LAFCO to approve specified service extensions, until January 1, 2026.

ANALYSIS:

Existing law:

- 1) Delegates the Legislature's power to control the boundaries of cities, special districts, and local agency service areas to LAFCOs.
- 2) Established LAFCOs to discourage urban sprawl, preserve open space and prime agricultural lands, encourage the orderly formation and development of local agencies, and to ensure the efficient delivery of government services.
- 3) Requires each county to have a LAFCO governed by a board of elected officials—including city council members and county supervisors—and at least one member of the public appointed by the other members.
- 4) Requires LAFCOs to review and approve or disapprove proposals for changes of organization or reorganization, and annexations, consistent with written policies, procedures, and guidelines adopted by the commission.

- 5) Requires a commission to develop and determine the “sphere of influence” of each city and each special district, which designates an agency’s probable future physical boundary and service area and is territory that a city or special district is expected to annex, build facilities, and deliver services to sometime in the future.
- 6) Requires a commission to prepare a municipal service review (MSR) before it revises cities and special districts’ spheres of influence, where it must review all of the agencies that provide the public services within the study area.
- 7) Authorizes LAFCOs to approve service extensions outside of its territory when the territory is within its sphere of influence, in anticipation of a later change in organization; or outside its sphere to address a major threat to public health or safety.
- 8) Established a pilot program, until January 1, 2021, for the Napa and San Bernardino commissions to permit those commissions to authorize a city or district to provide new or extended services outside both its jurisdictional boundaries and its sphere of influence for existing or planned uses as of 2015, if the LAFCO makes certain findings (AB 402, Dodd, Chapter 431, Statutes of 2015).
- 9) Required the Napa and San Bernardino LAFCOs to report on the use of the pilot program by January 1, 2020.

This bill:

- 1) Reestablishes the Napa and San Bernardino LAFCO pilot program until January 1, 2026, with minor technical changes.
- 2) Allows the Napa LAFCO to authorize the City of St. Helena to extend services outside its jurisdictional boundary and outside its sphere of influence to two street addresses, and their respective parcel numbers, where there are pending development projects.
- 3) Provides that in order to approve an extension of service to these addresses, Napa LAFCO must find that the extension of service or services will result in specific environmental benefits, including transitioning septic systems to a treated sewer system, and either of the following:
 - a) The extension of services will serve an agricultural employee housing development, of no less than 6 units and no more than 12 units, or

- b) The extension of services will serve a mobilehome park reuse or mobilehome park redevelopment of no more than 25 units.
- 4) Requires the Napa and San Bernardino LAFCOs to submit reports containing all of the received requests and commission decisions, including any approved extensions related to the City of St. Helena, to the Legislature by January 1, 2025.
- 5) Makes findings and declarations to support the necessity of an urgency measure and special statute.

Background

Using the authority provided by AB 402, Napa LAFCO approved one service extension outside of its jurisdiction and sphere of influence, specifically to authorize the City of Napa to provide water to the Carneros Inn Mutual Water Company, and the San Bernardino LAFCO approved a total of three projects under AB 402 and has two pending proposals. Both LAFCOs submitted the required reports on the use of the pilot program authority. According to those reports, each proposal was reviewed by the LAFCO in an MSR before approval and met the conditions required under AB 402. AB 402 contained a January 1, 2021 sunset.

City of St. Helena and Vineland Vista. The Vineland Vista Mobile Home Park dates back to 1961 and is adjacent to a winery, Hall Napa Valley. According to a St. Helena Star article dated June 27, 2018, tenants were told to vacate the property in 2009 so that it could be renovated when new owners purchased the park, and since then the owners have completely cleared out the plot and have initiated redevelopment efforts. On January 15, 2019, Hall Vineland, LLC and Hall Vista, LLC filed a complaint against the City of St. Helena and their public works director. The complaint asserted that the city wrongfully rescinded a December 2016 “will serve” letter for a proposal to redevelop the former Vineland Vista Mobile Home Park at 341 St. Helena Highway South. The property owners claim that the redevelopment is to be considered an existing use and will continue to operate within its zoned purpose of residential use, and therefore cannot legally be denied water service that had previously been provided to the park. However, according to another St. Helena Star article dated January 29, 2019, the property owner is quoted saying, “overnight stays are absolutely in the mix... No matter whether people can stay there on a nightly basis, it is still a mobile home park.” News reports also note that the application is accompanied by plans to dedicate a 2-acre parcel for farmworker housing. Accordingly, there is dispute about the proposed use of this project and whether the redevelopment of the mobile home park site could be considered as an existing or new use, and therefore it is unclear

whether Napa LAFCO could authorize the city to extend water and sewer services to this project under current LAFCO law, including this pilot program.

The author wants to reauthorize the Napa and San Bernardino LAFCO pilot program, and to expand the Napa pilot program to allow Napa LAFCO to authorize extensions of service to the former mobile home park, as well as the Hall Winery and a potential farmworker housing development.

Comments

- 1) *Purpose of the bill.* According to the author, “SB 13 will extend the provisions of AB 402 until January 1, 2026, continuing a pilot program in Napa and San Bernardino counties that allows Local Agency Formation Commissions (LAFCOs) to authorize city or district services to existing uses outside urban boundaries as long as open space or agriculture are not adversely affected, ultimately reducing sprawl from expanded municipal footprints.

“As the Napa and San Bernardino LAFCOs reports to the Legislature show, the pilot program was a success in both counties. Given the public benefits afforded by the pilot program in both Napa and San Bernardino counties and the likelihood that these counties will again require the flexibility afforded by the pilot program, it is appropriate to extend the provision of AB 402, originally set to expire Jan. 1, 2021, until January 1, 2026.

“Finally, SB 13 adds a limited authorization for Napa LAFCO to consider the application of a sewer extension authorization by the city of St Helena, outside of the city’s jurisdictional boundary and outside of its sphere of influence, with the purpose of bringing important environmental and housing benefits, including serving farmworker housing.”

- 2) *One step too far?* SB 13 allows Napa LAFCO to authorize the City of St. Helena to extend services outside of the city’s boundary and sphere of influence to developments that may be new uses, including farmworker housing and redevelopment of a mobile home park that could include some short-term rentals. Specifically, it is unclear whether the developments in the City of St. Helena are considered new or existing uses, as the sites that have been identified for potential uses have not yet been developed. Therefore, SB 13 could allow extensions of service that have growth-inducing effects or that aid in the development process of new uses outside the city’s jurisdiction and sphere of influence. Such an extension would be inconsistent with the

principles of the Cortese-Knox-Hertzberg Act and could set a precedent for other similar extensions of service.

- 3) *Alternatives.* Existing law establishes various ways for cities and special districts to provide services to new areas that are outside their boundaries and spheres of influence, including to ask LAFCO to expand its boundaries to cover new territory through an annexation or for a sphere of influence amendment to include the territory of interest in the city's sphere. Local agencies can also ask LAFCO to authorize an extension of service outside their sphere in a few limited cases: where there's a health or safety threat, or, until the pilot program expired, in Napa and San Bernardino counties, so long as the extension wasn't growth inducing and served existing or long-planned uses. SB 13 establishes a new way around the annexation and sphere amendment process for several potentially new uses: redevelopment of a mobile home park and farmworker housing. The farmworker housing contemplated by SB 13 likely provides public benefits to the county overall. Specifically, SB 13 points to existing laws for farmworker housing that requires a project to be affordable to farmworkers for 55 years. Accordingly, streamlining the process for constructing this development may be worthwhile. However, the same may not be said for the redevelopment of the mobile home park. Although details are unclear, this project may include resort-type short-term rentals that provide private economic benefit. The Legislature may wish to consider whether the characteristics of the proposed developments merit an exception to more traditional processes like sphere amendments and annexation.

FISCAL EFFECT: Appropriation: No Fiscal Com.: No Local: No

SUPPORT: (Verified 5/12/21)

County of Napa

OPPOSITION: (Verified 5/12/21)

California Association of Local Agency Formation Commissions

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