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28 July 2010

Assembly Member Juan Arambula
California State Assembly
State Capitol Room 2141
Sacramento, CA 95814

RE: **Assembly Bill 853**

Dear Assembly Member Arambula:

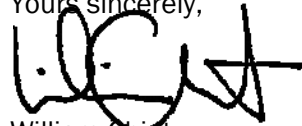
On behalf of the California Association of Local Agency Formation Commissions I would like to thank you and your staff for working with CALAFCO on the various amendments to your bill. We understand an additional amendment will be offered when the bill is heard in Senate Appropriations returning the placement of "as necessary" in §56425(g) to its location in current law.

Based on this and the other amendments to AB 853, CALAFCO has moved its position from oppose to **WATCH**. We support the intent of the bill as a first step in identifying service deficiencies in unincorporated disadvantaged communities, and we see local agency formation commissions (LAFCo) as the best resource to identify those municipal service deficiencies.

Nonetheless, we continue to be concerned that AB 853 imposes an **unfunded mandate** on all LAFCos to prepare the required studies. By law LAFCo is forced to pass those costs on to cities, counties and many special districts which largely fund LAFCo operations. A number of LAFCos have taken an "oppose" position on AB 853 based on the unfunded mandate in the bill. Most cities and counties are facing severe budget shortfalls resulting in reduced service levels. They have no funds to pay for new services or requirements imposed by the state. One potential option to address the funding issue is to add LAFCos as an eligible agency to apply for Sustainable Community Planning Grants from the Strategic Growth Council. When SB 372 was under consideration in 2007 LAFCo was contemplated as an eligible agency, however that was later removed. As a potential source of funds, it may be helpful to amend Public Resources Code §75128 and 75129 to allow LAFCos to apply for funds and add the disadvantaged inhabited community service inventory as a potential project.

Again, thank you for all of your efforts to address the issues identified by CALAFCO. We look forward to continuing our work with you on this bill and issue.

Yours sincerely,



William Chiat
Executive Director

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c: Members and Staff, Senate Appropriations Committee