

CHANGES IN LAFCO POLICIES

The synopsis of each change is full margin and the actual statute is indented. New legislative wording is underlined.

1. LAFCO's enabling statute has a new name

The change adds Assembly Member Hertzberg's name in the title of LAFCO's Law.

56000. This division shall be known and may be cited as the Cortese-Knox-Hertzberg Local Government Reorganization Act of 2000.

2. LAFCO purposes; how to best accommodate growth

Section 56301 amends LAFCO's purpose. To the long-standing goals of discouraging urban sprawl and encouraging the orderly formation of local agencies, it adds "preserving open space and prime agricultural lands" and "efficiently providing government services." It retains the direction that this is to be achieved "based on local conditions and circumstances."

Section 56300 is amended to:

- State that goals to discourage urban sprawl, preserve open space and agriculture and provide efficient governmental services may sometimes compete with the need for orderly development.
- State providing housing is an important factor in promoting orderly development
- Add a preference to accommodate growth within or through the expansion of local agencies that can "best accommodate" services and housing for all incomes in "the most efficient manner feasible."
- Promote multi-purpose governments, especially in urban areas, but recognizes the critical role of limited purpose agencies, especially in rural communities.
- Add a preference that service responsibility be allocated to government agencies that can "best provide government services."

New Section 56668.5 states that LAFCOs may, but are not required to, consider regional growth goals and policies established by a collaboration of elected officials.

56001. The Legislature finds and declares that it is the policy of the state to encourage orderly growth and development which are essential to the social, fiscal, and economic well-being of the state.

The Legislature recognizes that the logical formation and determination of local agency boundaries is an important factor in promoting orderly development and in balancing that development with sometimes competing state interests of discouraging urban sprawl, preserving open-space and prime agricultural lands, and efficiently extending government services. The Legislature also recognizes that providing housing for persons and families of all incomes is an important factor in promoting orderly development.

Therefore, the Legislature further finds and declares that this policy should be effected by the logical formation and modification of the boundaries of local agencies, with a preference granted to accommodating additional growth within, or through the expansion of, the boundaries of those local agencies which can best accommodate and provide necessary governmental services and housing for persons and families of all incomes in the most efficient manner feasible.

The Legislature recognizes that urban population densities and intensive residential, commercial, and industrial development necessitate a broad spectrum and high level of community services and controls.

The Legislature also recognizes that when areas become urbanized to the extent that they need the full range of community services, priorities are required to be established regarding the type and levels of services that the residents of an urban community need and desire; that community service priorities be established by weighing the total community service needs against the total financial resources available for securing community services; and that those community service priorities are required to reflect local circumstances, conditions, and limited financial resources.

The Legislature finds and declares that a single multi-purpose governmental agency is accountable for community service needs and financial resources and, therefore, may be the best mechanism for establishing community service priorities, especially in urban areas. Nonetheless, the Legislature recognizes the critical role of many limited purpose agencies, especially in rural communities.

The Legislature also finds that, whether governmental services are proposed to be provided by a single-purpose agency, several agencies, or a multipurpose agency, responsibility should be given to the agency or agencies that can best provide government services.

56301. Among the purposes of a commission are discouraging urban sprawl, preserving open-space and prime agricultural lands, efficiently providing government services, and encouraging the orderly formation and development of local agencies based upon local conditions and circumstances.

One of the objects of the commission is to make studies and to obtain and furnish information which will contribute to the logical and reasonable development of local

agencies in each county and to shape the development of local agencies so as to advantageously provide for the present and future needs of each county and its communities.

56668.5. The commission may, but is not required to, consider the regional growth goals and policies established by a collaboration of elected officials only, formally representing their local jurisdictions in an official capacity on a regional or subregional basis. This section does not grant any new powers or authority to the commission or any other body to establish regional growth goals and policies independent of the powers granted by other laws

3. New agencies vs. existing agencies to provide services

Sections 56301 and 56886.5 require new LAFCO, when considering new governmental entities, to determine whether existing agencies can feasibly provide the needed service in a more and accountable manner.

If a new single-purpose agency is deemed necessary LAFCO must consider reorganizing with other single-purpose agencies that provide related services.

56301. When the formation of a new government entity is proposed, a commission shall make a determination as to whether existing agencies can feasibly provide the needed service or services in a more efficient and accountable manner. If a new single purpose agency is deemed necessary, the commission shall consider reorganization with other single-purpose agencies that provide related services.

56886.5. If a proposal includes the formation of a new government, the commission shall determine whether existing agencies can feasibly provide the needed service or services in a more efficient and accountable manner. If a new single-purpose agency is deemed necessary, the commission shall consider reorganization with other single-purpose agencies that provide related services.

4. Standard for legal challenge to LAFCO decisions

Section 56107 makes it clear that any legal attack on LAFCO decisions is limited to whether there was fraud or a prejudicial abuse of discretion. LAFCO's is a quasi-legislative agency whose decisions must only be supported by substantial evidence in light of the whole record

56107. (a) This division shall be liberally construed to effectuate its purposes. No change of organization or reorganization ordered under this division and no resolution adopted by the commission making determinations upon a proposal shall be invalidated because of any defect, error, irregularity, or omission in any act, determination, or procedure which does not adversely and substantially affect the

rights of any person, city, county, district, the state, or any agency or subdivision of the state.

(b) All determinations made by a commission under, and pursuant to, this division shall be final and conclusive in the absence of fraud or prejudicial abuse of discretion.

(c) In any action or proceeding to attack, review, set aside, void, or annul a determination by a commission on grounds of noncompliance with this division, any inquiry shall extend only to whether there was fraud or a prejudicial abuse of discretion. Prejudicial abuse of discretion is established if the court finds that the determination or decision is not supported by substantial evidence in light of the whole record.

5. Written LAFCO policies and procedures

The change establishes January 1, 2002 is the deadline for LAFCOs to adopt written policies and procedures. The staff recommends that the Commission's written policies be modified based on AB2838 and other considerations.

56300. (a) It is the intent of the Legislature that each commission, not later than January 1, 2002, shall establish written policies and procedures and exercise its powers pursuant to this part in a manner consistent with those policies and procedures and that encourages and provides planned, well-ordered, efficient urban development patterns with appropriate consideration of preserving open-space lands within those patterns.

(e) The written policies and procedures adopted by the commission shall include forms to be used for various submittals to the commission including at a minimum a form for any protests to be filed with the commission concerning any proposed organization change.

6. Disclosure of contributions to support or oppose proposals

Section 56100.1 allows LAFCO to require the disclosure of contributions, expenditures and independent expenditures made in support of or in opposition to a proposal. Disclosures may be made to the Executive Officer or a County officer designated by the Board of Supervisors. These disclosures are in addition to any other disclosures that are required.

Yet section 56700.1 requires disclosing and reporting expenditures for "political purposes" related to boundary changes that have been submitted to LAFCO.

Section 56300 directs LAFCO to consider adopting procedures to require the disclosure of contributions, expenditures and independent expenditures authorized by Section 56100.1 and to hold a public hearing to discuss this not later than March 31, 2001.

LAFCO can adopt written policies and procedures requiring lobbying disclosure and reporting for persons attempting to influence pending decisions by LAFCO Commissioners, staff or consultants. Disclosures made to LAFCO will be posted on the Commission web site or may be made to the County Recorder, Registrar of Voters or Clerk of the Board of Supervisors.

56100.1. A commission may require, through the adoption of written policies and procedures, the disclosure of contributions, as defined in Section 82015, expenditures, as defined in Section 82025, and independent expenditures, as defined in Section 82031, made in support of or opposition to a proposal.

Disclosure shall be made either to the commission's executive officer, in which case it shall be posted on the commission's website, if applicable, or to the board of supervisors of the county in which the commission is located, which may designate a county officer to receive the disclosure.

Disclosure pursuant to a requirement under the authority provided in this section shall be in addition to any disclosure required by Title 9 (commencing with Section 81000) or by local ordinance.

56700.1. Expenditures for political purposes related to a change of organization or reorganization proposal that has been submitted to a commission, and contributions in support of or in opposition to those measures, shall be disclosed and reported to the same extent and subject to the same requirements as provided for local initiative measures to be presented to the electorate.

56300. (b) Each commission with a proposal pending on January 1, 2001, shall, by March 31, 2001, hold a public hearing to discuss the adoption of policies and procedures to require the disclosure of contributions, expenditures, and independent expenditures authorized by Section 56100.1. Reporting requirements adopted pursuant to this section shall be effective upon the date of adoption or a later date specified in the resolution.

Any commission that does not have a proposal pending on January 1, 2001, shall hold a public hearing to discuss the adoption of those policies and procedures within 90 days of submission of a proposal or at any time prior to submission of a proposal. Once a hearing has taken place under this subdivision, no subsequent hearing shall be required except by petition of 100 or more registered voters residing in the county in which the commission is located.

(c) A commission may require, through the adoption of written policies and procedures, lobbying disclosure and reporting requirements for persons who attempt to influence pending decisions by commission members, staff, or consultants.

Disclosure shall be made either to the commission's executive officer, in which case it shall be posted on the commission website, if applicable, or to the recorder, registrar of voters, or clerk of the board of supervisors of the county in which the commission is located.

Each commission that on January 1, 2001, has a pending proposal, as defined in Section 56069 shall, by March 31, 2001, hold a public hearing to discuss the adoption of policies and procedures governing lobbying disclosure authorized by this subdivision.

Reporting requirements adopted pursuant to this section shall be effective upon the date of adoption or on a later date specified in the resolution.

Any commission that does not have a proposal pending on January 1, 2001, shall hold a public hearing to discuss the adoption of those policies and procedures within 90 days of submission of a proposal, or at any time prior to submission of a proposal.

(d) Any public hearings required by this section may be held concurrently.

7. Posting LAFCO notices to the Internet

LAFCO must allow access to notices and Commission information through an Internet web site. This is something the Santa Barbara LAFCO is already doing.

56300. (f) (1) On or before January 1, 2002, the commission shall establish and maintain, or otherwise provide access to notices and other commission information for the public through an Internet website.

(2) The written policies and procedures adopted by the commission shall require that, to the extent that the commission maintains an Internet website, notice of all public hearings and commission meetings shall be made available in electronic format on that site.

8. LAFCO powers and duties – Part 1

Section 56375 directs LAFCO to act consistently with its written policies and guidelines.

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

(a) To review and approve or disapprove with or without amendment, wholly, partially, or conditionally, proposals for changes of organization or reorganization,

consistent with written policies, procedures, and guidelines adopted by the commission.

The commission may initiate proposals for (1) consolidation of districts, as defined in Section 56036, (2) dissolution, (3) merger, or (4) establishment of a subsidiary district, or a reorganization that includes any of these changes of organization. A commission shall have the authority to initiate only a (1) consolidation of districts, (2) dissolution, (3) merger, (4) establishment of a subsidiary district, or (5) a reorganization that includes any of these changes of organization, if that change of organization or reorganization is consistent with a recommendation or conclusion of a study prepared pursuant to Section 56378 or 56425.

However, a commission shall not have the power to disapprove an annexation to a city, initiated by resolution, of contiguous territory that the commission finds is any of the following:

- (1) Surrounded or substantially surrounded by the city to which the annexation is proposed or by that city and a county boundary or the Pacific Ocean if the territory to be annexed is substantially developed or developing, is not prime agricultural land as defined in Section 56064, is designated for urban growth by the general plan of the annexing city, and is not within the sphere of influence of another city.
- (2) Located within an urban service area that has been delineated and adopted by a commission, which is not prime agricultural land, as defined by Section 56064, and is designated for urban growth by the general plan of the annexing city.
- (3) An annexation or reorganization of unincorporated islands meeting the requirements of Section 56375.3.

As a condition to the annexation of an area that is surrounded, or substantially surrounded, by the city to which the annexation is proposed, the commission may require, where consistent with the purposes of this division, that the annexation include the entire island of surrounded, or substantially surrounded, territory.

9. LAFCO powers and duties – Part 2

The change requires cities to prezone territory and indicates that LAFCO decisions regarding annexation to a city must be based on the general plan and pre zoning. The Commission already requires pre zoning or a similar action before considering an annexation to a city.

56375. A commission shall not impose any conditions that would directly regulate land use density or intensity, property development, or subdivision requirements.

When the development purposes are not made known to the annexing city, the annexation shall be reviewed on the basis of the adopted plans and policies of the annexing city or county. A commission shall require, as a condition to annexation, that a city prezone the territory to be annexed. However, the commission shall not specify how, or in what manner, the territory shall be prezoned. The decision of the commission with regard to a proposal to annex territory to a city shall be based upon the general plan and prezoning of the city.

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

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

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

10. LAFCO powers and duties – Part 3

The change authorizes LAFCO to approve annexations to cities consistent with the probable use of the property based on the city general plan and prezoning.

The change prohibits cities from making a subsequent change in the general plan or zoning for the annexed territory that would differ from the prezoning designation for a period of two years after completion of the annexation. A city council can make a change within two years if it finds that a substantial change occurred in the circumstances that necessitate departing from the prezoning as reviewed by LAFCO.

56375. (e) To approve the annexation of unincorporated territory consistent with the planned and probable use of the property based upon the review of general plan and prezoning designations.

No subsequent change may be made to the general plan for the annexed territory or zoning that is not in conformance to the prezoning designations for a period of two years after the completion of the annexation, unless the legislative body for the city makes a finding at a public hearing that a substantial change has occurred in circumstances that necessitate a departure from the prezoning in the application to the commission.

(f) With respect to the incorporation of a new city or the formation of a new special district, to determine the number of registered voters residing within the proposed city or special district. The number of registered voters shall be calculated as of the time of the last report of voter registration by the county elections official to the Secretary of State prior to the date the first signature was affixed to the petition. The executive officer shall notify the petitioners of the number of registered voters resulting from this calculation.

(g) To adopt written procedures for the evaluation of proposals. The commission may adopt standards for any of the factors enumerated in Section 56668. Any standards adopted by the commission shall be written.

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

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

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

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

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

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

(n) To waive the application of Section 25210.90 or Section 22613 of the Streets and Highways Code if it finds the application would deprive an area of a service needed to ensure the health, safety, or welfare of the residents of the area and if it finds that the waiver would not affect the ability of a city to provide any service. However, within 60 days of the inclusion of the territory within the city, the legislative body may adopt a resolution nullifying the waiver.

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

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

11. LAFCO powers and duties – Part 4

The change allows LAFCOs in adjoining counties to agree on procedures for processing proposals that cross county boundaries.

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

12. Periodic review and adoption of spheres of influence

LAFCO is required to update adopted spheres of influence as necessary, but not less than every five years.

56425 (f). Upon determination of a sphere of influence, the commission shall adopt that sphere, and shall review and update, as necessary, the adopted sphere not less than once every five years.

13. City spheres of influence

Section 56425 requires cities to discuss proposed sphere changes with the County at least 30 days prior to submitting an application to LAFCO to determine a new sphere or update an existing sphere.

The city and county should explore methods to reach agreement on boundaries, development standards and zoning requirements in the proposed sphere area to ensure development within the sphere occurs in a manner that reflects the concerns of the city and promotes the logical and orderly development of the area.

If the city and county agree on development standards within the proposed sphere, the agreement is forwarded to LAFCO to consider and adopt the sphere. LAFCO must give “great weight” to the city/county agreement.

If LAFCO’s decision is consistent with the city/county agreement it must be adopted by the city and county after public hearings. After the city and county adopt the agreement, and their respective general plans reflect the agreement, any development approved by the county within the sphere must be consistent with the agreement.

Without an agreement the Commission must consider the sphere of influence application in light of LAFCO's adopted policies.

56425. (b) At least 30 days prior to submitting an application to the commission for a determination of a new sphere of influence, or to update an existing sphere of influence for a city, representatives from the city shall meet with county representatives to discuss the proposed sphere, and its boundaries, and explore methods to reach agreement on the boundaries, development standards, and zoning requirements within the sphere to ensure that development within the sphere occurs in a manner that reflects the concerns of the affected city and is accomplished in a manner that promotes the logical and orderly development of areas within the sphere.

If no agreement is reached between the city and county within 30 days, then the parties may, by mutual agreement, extend discussions for an additional period of 30 days.

If an agreement is reached between the city and county regarding the boundaries, development standards, and zoning requirements within the proposed sphere, the agreement shall be forwarded to the commission, and the commission shall consider and adopt a sphere of influence for the city consistent with the policies adopted by the commission pursuant to this section, and the commission shall give great weight to the agreement in the commission's final determination of the city sphere.

(c) If the commission's final determination is consistent with the agreement reached between the city and county pursuant to subdivision (b), the agreement shall be adopted by both the city and county after a noticed public hearing.

Once the agreement has been adopted by the affected local agencies and their respective general plans reflect that agreement, then any development approved by the county within the sphere shall be consistent with the terms of that agreement.

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

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

- (1) Present and planned land uses in the area, including agricultural and open-space lands.
- (2) Present and probable need for public facilities and services in the area.
- (3) Present capacity of public facilities and adequacy of public services that the agency provides or is authorized to provide.

(4) Existence of any social or economic communities of interest in the area if the commission determines that they are relevant to the agency.

(g) The commission may recommend governmental reorganizations to particular agencies in the county, using the spheres of influence as the basis for those recommendations. Those recommendations shall be made available, upon request, to other agencies or to the public. The commission shall make all reasonable efforts to ensure wide public dissemination of the recommendations.

14. Special District spheres of influence, specified special district services

The legislature provides LAFCO with the authority to regulate the exercise of latent powers but separately from seating special districts on the Commission. Section 56425 requires that in adopting or amending special district spheres of influence LAFCO must:

- Require districts to file written statements specifying the functions or classes of service provided by the districts.
- Establish the nature, location and extent of the services provided and
- Determine that unless otherwise authorized by LAFCO's rules, the district except upon LAFCO approval shall provide no new or different services.

56425. (h) For any sphere of influence or a sphere of influence that includes a special district, the commission shall do all of the following:

(1) Require existing districts to file written statements with the commission specifying the functions or classes of services provided by those districts.

(2) Establish the nature, location, and extent of any functions or classes of services provided by existing districts.

(3) Determine that, except as otherwise authorized by the regulations, no new or different function or class of service shall be provided by any existing district, except upon approval by the commission.

(i) Subdivisions (b), (c), and (d) shall become inoperative as of January 1, 2007, unless a later enacted statute, that becomes operative on or before January 1, 2007, deletes or extends that date.

15. Exclusions from city spheres of influence; Redlands "doughnut hole" bill

The change allows removal of land from a city sphere of influence without LAFCO consent under certain circumstances upon petition by the affected landowners.

Based on a situation with the City of Redlands a bill removed the San Bernardino LAFCO's authority to deny a petition by landowners to exclude their property from the City's sphere. Landowners representing more than 50% of the assessed value of the affected territory must sign the petition.

This provision, however, applies to all city spheres of influence.

56429. (a) Notwithstanding Sections 56425, 56427, and 56428, a petition for removal of territory from a sphere of influence determination may be brought pursuant to this section by landowners within the redevelopment project area referenced in subdivision (e) of Section 33492.41 of the Health and Safety Code, if, at the time the petition is submitted, the area for which the petition is being requested meets all of the following requirements:

- (1) Is unincorporated territory,
- (2) Contains at least 100 acres,
- (3) Is surrounded or substantially surrounded by incorporated territory,
- (4) Contains at least 100 acres zoned for commercial or industrial uses or is designated on the applicable county general plan for commercial or industrial uses.

(b) On receipt of a petition signed by landowners owning at least 25 percent of the assessed value of the land within the affected territory, the commission shall hear and consider oral or written testimony.

(c) The petition shall be placed on the agenda of the commission in accordance with subdivision (b) of Section 56428.

(d) The executive officer shall give notice of the hearing in accordance with Section 56427.

(e) From the date of filing of the petition to the conclusion of the hearing, the commission shall accept written positions from any owner of land in the unincorporated territory that is seeking removal from a city's sphere of influence.

(f) The petition to remove territory from a city's sphere of influence shall be granted and given immediate effect if the commission finds that written positions filed in favor of the petition and not withdrawn prior to the conclusion of the hearing represent landowners owning 50 percent or more of the assessed value of the land within the affected territory.

(g) No removal of territory from a city's sphere of influence that is proposed by petition and adopted pursuant to this section shall be repealed or amended except by the petition and adoption procedure provided in subdivisions (a) to (f), inclusive.

In all other respects, a removal of territory from a city's sphere of influence proposed by petition and adopted pursuant to this section shall have the same force and effect as any amendment to or removal of territory from a city's sphere of influence approved by the commission.

No territory removed from a city's sphere of influence pursuant to this section shall be annexed to that city, unless the territory is subsequently added to the sphere of influence of the city pursuant to the petition and adoption procedure provided in this section.

(h) Pursuant to Section 56383, the commission may establish a schedule of fees for the costs of carrying out this section.

(i) All proper expenses incurred in connection with removal of territory from a city's sphere of influence pursuant to this section shall be paid by the proponents.

16. Municipal Service Reviews

The significant change obligates LAFCO to "conduct a service review of municipal services" whenever preparing or updating a sphere of influence and describes in detail the requirement for a written statement of determinations. The Commission is required to "comprehensively review all of the agencies which provide the identified services within the designated geographic area" of the municipal service review.

Coupled with the requirement to update spheres of influence each five years, this requirement may significantly expand LAFCO's workload and responsibilities.

The State Office of Planning and Research is obligated, in consultation with LAFCOs, to prepare by July 1, 2001 guidelines for conducting service reviews.

56430. (a) In order to prepare and to update spheres of influence in accordance with Section 56425, the commission shall conduct a service review of the municipal services provided in the county or other appropriate area designated by the commission. The commission shall include in the area designated for service review the county, the region, the subregion, or any other geographic area as is appropriate for an analysis of the service or services to be reviewed, and shall prepare a written statement of its determinations with respect to each of the following:

- (1) Infrastructure needs or deficiencies.
- (2) Growth and population projections for the affected area.
- (3) Financing constraints and opportunities.
- (4) Cost avoidance opportunities.

- (5) Opportunities for rate restructuring.
- (6) Opportunities for shared facilities.
- (7) Government structure options, including advantages and disadvantages of consolidation or reorganization of service providers.
- (8) Evaluation of management efficiencies.
- (9) Local accountability and governance.

(b) In conducting a service review, the commission shall comprehensively review all of the agencies that provide the identified service or services within the designated geographic area.

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

(d) Not later than July 1, 2001, the Office of Planning and Research, in consultation with commissions, the California Association of Local Agency Formation Commissions, and other local governments, shall prepare guidelines for the service reviews to be conducted by commissions pursuant to this section.

17. Review extension of urban services into unincorporated areas

The change specifies LAFCO's authority includes reviewing proposals to extend services to previously unserved unincorporated areas and is intended to ensure the extension of services is consistent with the statute and local LAFCO policies.

56434. (a) The commission may review and approve a proposal that extends services into previously unserved territory within unincorporated areas and may review the creation of new service providers to extend urban type development into previously unserved territory within unincorporated areas to ensure that the proposed extension is consistent with the policies of Sections 56001, 56300, 56301, and the adopted policies of the commission implementing these sections, including promoting orderly development, discouraging urban sprawl, preserving open space and prime agricultural lands, providing housing for persons and families of all incomes, and the efficient extension of governmental services.

(b) This section shall remain in effect only until January 1, 2007, and as of that date is repealed, unless a later enacted statute, that is enacted before January 1, 2007, deletes or extends that date.

18. New factors that LAFCO must consider in reviewing proposals

Section 56668 lists factors that LAFCO must consider in reviewing proposals. New factors added to the section include:

- The ability of the entity to provide the services and sufficiency of revenues for those services.
- Timely availability of adequate water supplies.
- The extent to which the proposal will assist the agency in achieving its fair share of regional housing needs.

LAFCO will need assistance to consider these factors, resulting in greater coordination with the Commission, agencies that provide water and the Santa Barbara County Association of Governments with regard to determining fair share housing needs in the region.

56668. Factors to be considered in the review of a proposal shall include, but not be limited to, all of the following:

(a) Population, 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.

(b) 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.

“Services,” as used in this subdivision, refers to governmental services whether or not the services are services which would be provided by local agencies subject to this division, and includes the public facilities necessary to provide those services.

(c) 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.

(d) The conformity of both 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 Section 56377.

(e) The effect of the proposal on maintaining the physical and economic integrity of agricultural lands, as defined by Section 56016.

(f) 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.

(g) Consistency with city or county general and specific plans.

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

(i) The comments of any affected local agency.

(j) 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.

(k) Timely availability of water supplies adequate for projected needs as specified in Section 65352.5.

(l) The extent to which the proposal will assist the receiving entity in achieving its fair share of the regional housing needs as determined by the appropriate council of governments.

(m) Any information or comments from the landowner or owners.

(n) Any information relating to existing land use designations.

19. Mandatory factors to consider for city detachments and district annexations

If a proposal includes a detachment from a city or an annexation to a special district, and the proceeding is not terminated by the affected agency, LAFCO must consider specific factors in reviewing the proposal.

LAFCO must give great weight to city or district objections and base its consideration solely on financial or service related concerns expressed in the protest by the affected agency.

56668.3 (a) If the proposed change or organization or reorganization includes a city detachment or district annexation, and the proceeding has not be terminated based upon receipt of a resolution requesting termination pursuant to either Section 56751 or Section 56857, factors to be considered by the commission shall include all of the following:

- (1) Whether the proposed annexation will be for the interest of landowners or present or future inhabitants within the district and within the territory proposed to be annexed to the district.

- (2) The commission's resolution making determinations
- (3) Any factors which may be considered by the commission as provided in Section 56668.
- (4) Any resolution objecting to the action which may be filed by an affected agency.
- (5) Any other matters which the commission deems material.

(b) The commission must give great weight to any resolution objecting to the action which is filed by a city or a district. The commission's consideration shall be based only on financial or service related concerns expressed in the protest. Except for findings regarding the value written protests, the commission is not required to make any express findings concerning any of the factors considered by the commission.

20. Task force to create guidelines for city incorporations

Section 56815.2 requires the State Office of Planning and Research in consultation with the State Controller to convene a task force to create statewide guidelines for the incorporation process. The task force will include representatives of cities, counties, special districts and LAFCOs. It is to convene by July 1 and complete the guidelines by January 1, 2002.

56815.2. By July 1, 2001, the Governor's Office of Planning and Research, in consultation with the Controller, shall convene a task force composed of representatives of cities, counties, special districts, and local agency formation commissions, as nominated by their statewide organizations and associations, with expertise in local government fiscal issues for the purpose of creating statewide guidelines for the incorporation process.

The guidelines shall be completed by January 1, 2002, by the Office of Planning and Research and shall serve as minimum statewide guidelines for the incorporation process. The guidelines shall include, but not be limited to, information to assist incorporation proponents to understand the incorporation process, its timelines, and likely costs.

They shall also provide direction to affected agencies regarding the type of information that should be included in the comprehensive fiscal analysis of an incorporation, as well as suggestions for alternative ways to achieve fiscally neutral incorporations. The guidelines shall be advisory to the commissions in the review of incorporation proposals.

21. Regulations limiting latent powers

The change allows a majority of the independent special districts to cause LAFCO to repeal any previously adopted regulations limiting the exercise of latent powers by special districts as a condition of their membership on LAFCO.

56820. The commission may take proceedings pursuant to this chapter for the adoption, amendment, or repeal of regulations affecting the functions and services of special districts within the county. Those proceedings may be initiated either by the commission or by independent special districts within the county.

If the commission has representation from special districts prior to January 1, 2001, and if the commission has previously adopted regulations limiting the exercise of powers by its special districts as a condition of that representation, those regulations shall be repealed upon the request of a majority of independent special districts within the county.

22. Calculating annexation protests by “distinct communities”

Section 57078.5 provides for annexation confirmation elections to be accounted separately if the proposal area consists of two or more “distinct communities” and one has at least 250 registered voters. This provision does not apply to “island” annexations.

57078.5. If a proposed annexation consists of two or more distinct communities, as defined in the county general plan, census unincorporated places listing, or other commonly recognized community designation, as determined by the commission, and any one community has more than 250 registered voters, any protest filed pursuant to Section 57078 shall be accounted separately for that community, unless the annexation is proposed pursuant to Section 56375.3.

23. Definition of “feasible”

Section 56038.5 defines “feasible,” as used in 56001 to describe ways to accommodate and provide necessary governmental services and housing and in 56064 to describe irrigation.

56038.5. “Feasible” means capable of being accomplished in a successful manner within a reasonable period of time, taking into account economic, legal, social, and technological factors.

24. Definition of “prime agricultural land”

Section 56064 amends the definition with reference to whether land can be feasibly irrigated.

56064. “Prime agricultural land” means an area of land, whether a single parcel or contiguous parcels, that has not been developed for a use other than an agricultural use and that meets any of the following qualifications:

(a) Land that if irrigated, qualifies, for rating as class I or class II in the USDA Natural Resources Conservation Service land use capability classification, whether or not land is actually irrigated, provided that irrigation is feasible.

(b) Land that qualifies for rating 80 through 100 Storie Index Rating.

(c) Land that supports livestock used for the production of food and fiber and that has an annual carrying capacity equivalent to at least one animal unit per acre as defined by the United States Department of Agriculture in the National Handbook on Range and Related Grazing Lands, July, 1967, developed pursuant to Public Law 46, December 1935.

(d) Land planted with fruit or nut-bearing trees, vines, bushes, or crops that have a nonbearing period of less than five years and that will return during the commercial bearing period on an annual basis from the production of unprocessed agricultural plant production not less than four hundred dollars (\$400) per acre.

(e) Land that has returned from the production of unprocessed agricultural plant products an annual gross value of not less than four hundred dollars (\$400) per acre for three of the previous five calendar years.

25. Property tax exchange negotiation

A change in the Revenue and Taxation Code clarifies that while the Board of Supervisors negotiates on behalf of special districts whose service area or service responsibility would be changed, the Board must consult with the affected districts before the negotiation.

Section 99(b)(5). In the event that a jurisdictional change would affect the service area or service responsibility of one or more special districts, the board of supervisors of the county or counties in which the districts are located shall, on behalf of the district or districts, negotiate any exchange of property tax revenues.

Prior to entering into negotiation on behalf of a district for the exchange of property tax revenue, 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.

26. Coordination of school district boundary changes

A change in the Education Code promotes coordination by requiring the County Committee On School District Organization to notify LAFCO of proceedings for a reorganization plan of school district boundaries.

The change also requires the County Committee on School District Organization to hold a public hearing when requested by a city, county, special district or LAFCO with jurisdiction over any portion of a school district being considered for unification or other reorganization.

Education Code 35700.5. Before initiating proceedings to consider any reorganization plan, the county committee on school district organization shall provide written notice of the proposed action to the local agency formation commission for the affected area.

35721. (c) On receipt of a resolution approved by a majority of the members of a city council, county board of supervisors, governing body of a special district, or local agency formation commission that has jurisdiction over all or a portion of the school district for consideration of unification or other reorganization of any area, the county committee shall hold a public hearing on the proposal at a regular or special meeting.

35721.5. Before initiating proceedings to consider any reorganization plan, the county committee on school district organization shall provide written notice of the proposed action to the local agency formation commission for the affected area.

27. Election of an initial city council by or from districts

The change allows the initial city council to be elected by or from districts as provided in the petition or proposal. Presently the initial city council must be elected at-large with the voters in the city asked to determine whether future city councils should be elected at-large or by or from districts.

34880. (a) If the petition or proposal developed by the commission for submission to the electorate for incorporation or special reorganization of a city provides for the election of members of the legislative body by (or from) districts and includes substantially the provisions required to be included in an ordinance providing for that election, including Section 34871, the members of the legislative body shall be elected in the manner provided in the petition or proposal.

CHANGES IN LAFCO OPERATIONS

The synopsis of each change is full margin and the actual statute is indented. New legislative wording is underlined.

28. Selection of LAFCO members

The legislature directs the City Selection Committee to choose LAFCO members that “fairly represent the diversity of the cities in the county, with respect to population and geography.”

It also directs the Independent Special Districts Selection Committee to choose LAFCO members who fairly represent the diversity of independent special districts.

It requires that Public Members not be appointed without support of at least one city member, county member and special district member.

56325. There is hereby continued in existence in each county a local agency formation commission. Except as otherwise provided in this chapter, the commission shall consist of members selected as follows:

(a) Two appointed by the board of supervisors from their own membership. The board of supervisors shall appoint a third supervisor who shall be an alternate member of the commission. The alternate member may serve and vote in place of any supervisor on the commission who is absent or who disqualifies himself or herself from participating in a meeting of the commission. If the office of a regular county member becomes vacant, the alternate member may serve and vote in place of the former regular county member until the appointment and qualification of a regular county member to fill the vacancy.

(b) Two selected by the cities in the county, each of whom shall be a mayor or council member, appointed by the city selection committee. The city selection committee shall also designate one alternate member who shall be appointed and serve pursuant to Section 56335. The alternate shall also be a mayor or council member.

The city selection committee is encouraged to select members to fairly represent the diversity of the cities in the county, with respect to population and geography.

(c) Two presiding officers or members of legislative bodies of independent special districts selected by the independent special district selection committee pursuant to Section 56332. The independent special district selection committee shall also designate a presiding officer or member of the legislative body of an independent special district as an alternative member who shall be appointed and serve pursuant to Section 56332.

The independent special district selection committee is encouraged to make selections that fairly represent the diversity of the independent special districts in the county, with respect to population and geography.

(d) One representing the general public appointed by the other members of the commission. The other members of the commission may also designate one alternate member who shall be appointed and serve pursuant to Section 56331.

Selection of the public member and alternate public member shall be subject to the affirmative vote of at least one of the members selected by each of the other appointing authorities.

29. LAFCO Commissioners are appointed to represent the entire public

Section 56325.1 directs LAFCO Commissioners to exercise their independent judgment to represent the interests of the public as a whole and not solely the interests of the group that appointed them.

This is similar to Part 3, “Role of the LAFCO Commissioner,” in the Santa Barbara LAFCO Commissioner Handbook, which states, “Members are not appointed to be representative of a particular city’s, county’s or special district’s view point. The mixed membership is to ensure that various backgrounds and appreciations are reflected on the Commission.”

56325.1. While serving on the commission, all commission members shall exercise their independent judgment on behalf of the interests of residents, property owners, and the public as a whole in furthering the purposes of this division. Any member appointed on behalf of local governments shall represent the interests of the public as a whole and not solely the interests of the appointing authority. This section does not require the abstention of any member on any matter, nor does it create a right of action in any person.

30. Terms of office of LAFCO members

Commissioner terms of office begin the first Monday in May. Section 56334 allows each LAFCO to specify an alternative term of office for its Commissioners. However the length of term of office for Commissioners cannot extended more than one time.

56334. The term of office of each member shall be four years and until the appointment and qualification of his or her successor.

The body which originally appointed a member whose term has expired shall appoint his or her successor for a full term of four years.

Any member may be removed at any time and without cause by the body appointing that member.

The expiration date of the term of office of each member shall be the first Monday in May in the year in which the term of the member expires, unless procedures adopted by the commission specify an alternate date to apply uniformly to all members. However, the length of a term of office shall not be extended more than once.

Any vacancy in the membership of the commission shall be filled for the unexpired term by appointment by the body which originally appointed the member whose office has become vacant.

The chairperson of the commission shall be selected by the members of the commission.

Commission members and alternates shall be reimbursed for the actual amount of their reasonable and necessary expenses incurred in attending meetings and in performing the duties of their office. The board of supervisors may authorize payment of a per diem to commission members and alternates for each day while they are in attendance at meetings of the commission.

31. LAFCO quarters, equipment, supplies and personnel

The change requires LAFCO to arrange for quarters, equipment, supplies and personnel and authorizes LAFCO to contract with public or private parties for these facilities and services. Previously the County furnished the Commission with quarters, equipment and supplies.

56380. The commission shall make its own provision for necessary quarters, equipment, and supplies as well as personnel. The commission may choose to contract with any public agency or private party for personnel and facilities.

32. LAFCO's budget

The change states the County, cities and special districts will share the cost of the LAFCO's annual budget in equal thirds. LAFCO must adopt a "proposed budget" by May 1 and a "final budget" by June 15. The budget is adopted by a majority vote of the Commission.

The proposed and final budgets are sent to the County, all cities, city selection committee, all independent special districts and special district selection committee.

After LAFCO adopts a final budget the County Auditor will apportion the "net operating expenses" as follows:

- The County, cities and independent special districts shall each provide a one-third share of the Commission's operational costs.
- The cities' share can be apportioned (1) in proportion to each city's total revenue, (2) as a percentage of combined city revenues within a county or (3) by any alternative method approved by a majority of cities with a majority of the total city population.
- The district's one third shall be apportioned according to each district's revenues for general-purpose transactions. The Legislature intends that no single special district or type of special district bear a disproportionate share of LAFCO costs.
- An alternative method of apportioning LAFCO costs may be used if approved by the County, a majority of the cities with a majority of the city population and a majority of independent special districts with a majority of the total special district population.
- After the costs are apportioned, the County Auditor will request payment to be made not later than July 1 from each city and special district for the amount the agency owes and administrative costs incurred of the Auditor in apportioning cost and requesting payment.
- If the requested payment is not made within sixty days LAFCO may determine the method of collecting the payment, including a request to the Auditor to collect an equivalent amount from property taxes or other fees or revenues that are owed to the local agency. Expenses related to collecting late payments will be added to the amount owed for LAFCO expenses.
- To begin the year the County will advance funds sufficient to cover LAFCO's first two months of operating expenses. When city and district payments are received the County's portion of the expenses will be credited with funds already received from the County.
- If at the end of the fiscal year LAFCO has excess funds, it may retain those funds and use them in financing the following year's budget.
- If LAFCO is without adequate funds to operate during the fiscal year the County may loan funds and recover those in LAFCO's budget for the following year.

56381. (a) The commission shall adopt annually, following noticed public hearings, a proposed budget by May 1 and final budget by June 15. At a minimum, the proposed and final budget shall be equal to the budget adopted for the previous fiscal year unless the commission finds that reduced staffing or program costs will nevertheless allow the commission to fulfill the purposes and programs of this chapter.

The commission shall transmit its proposed and final budgets to the board of supervisors; to each city; to the clerk and chair of the city selection committee, if any, established in each county pursuant to Article 11 (commencing with Section 50270) of Chapter 1 of Part 1 of Division 1; to each independent special district; and to the

clerk and chair of the independent special district selection committee, if any, established pursuant to Section 56332.

(b) After public hearings, consideration of comments, and adoption of a final budget by the commission pursuant to subdivision (a), the auditor shall apportion the net operating expenses of a commission in the following manner:

(1) In counties in which there is city and independent special district representation on the commission, the county, cities, and independent special districts shall each provide a one-third share of the commission's operational costs.

The cities' share shall be apportioned in proportion to each city's total revenues, as reported in the most recent edition of the Cities Annual Report published by the Controller, as a percentage of the combined city revenues within a county, or by an alternative method approved by a majority of cities representing the majority of the combined cities' populations.

The independent special districts' share shall be apportioned in a similar manner according to each district's revenues for general purpose transactions, as reported in the most recent edition of the "Financial Transactions Concerning Special Districts" published by the Controller, or by an alternative method approved by a majority of the agencies, representing a majority of their combined populations.

For the purposes of fulfilling the requirement of this section, a multicounty independent special district shall be required to pay its apportionment in its principal county. It is the intent of the Legislature that no single district or class or type of district shall bear a disproportionate amount of the district share of costs.

(2) In counties in which there is no independent special district representation on the commission, the county and its cities shall each provide a one-half share of the commission's operational costs. The cities' share shall be apportioned in the manner described in paragraph (1).

(3) In counties in which there are no cities, the county and its special districts shall each provide a one-half share of the commission's operational costs. The independent special districts' share shall be apportioned in the manner described for cities' apportionment in paragraph (1). If there is no independent special district representation on the commission, the county shall pay all of the commission's operational costs.

(4) Instead of determining apportionment pursuant to paragraph (1), (2), or (3), any alternative method of apportionment of the net operating expenses of the commission may be used if approved by a majority vote of each of the following: the board of supervisors; a majority of the cities representing a majority of the total population of cities in the county; and the independent special districts representing a majority of the combined total population of independent special districts in the county.

(c) After apportioning the costs as required in subdivision (b), the auditor shall request payment from the board of supervisors and from each city and each independent special district no later than July 1 of each year for the amount that entity owes and the actual administrative costs incurred by the auditor in apportioning costs and requesting payment from each entity.

If the county, a city, or an independent special district does not remit its required payment within 60 days, the commission may determine an appropriate method of collecting the required payment, including a request to the auditor to collect an equivalent amount from the property tax, or any fee or eligible revenue owed to the county, city, or district.

The auditor shall provide written notice to the county, city, or district prior to appropriating a share of the property tax or other revenue to the commission for the payment due the commission pursuant to this section.

Any expenses incurred by the commission or the auditor in collecting late payments or successfully challenging nonpayment shall be added to the payment owed to the commission. Between the beginning of the fiscal year and the time the auditor receives payment from each affected city and district, the board of supervisors shall transmit funds to the commission sufficient to cover the first two months of the commission's operating expenses as specified by the commission.

When the city and district payments are received by the commission, the county's portion of the commission's annual operating expenses shall be credited with funds already received from the county. If, at the end of the fiscal year, the commission has funds in excess of what it needs, the commission may retain those funds and calculate them into the following fiscal year's budget.

If, during the fiscal year, the commission is without adequate funds to operate, the board of supervisors may loan the commission funds and recover those funds in the commission's budget for the following fiscal year.

33. LAFCO processing fees

Section 56383 allows LAFCO to waive processing fees if the payment would be detrimental to the public interest, and eliminates processing fees charged to verify signatures on petitions.

For city incorporations initiated by a petition, if the proponents certify they are unable to raise sufficient funds to reimburse LAFCO for its proceedings costs, the Commission may request a loan from the State General Fund of an amount sufficient to cover those expenses. The loan is subject to the availability of an appropriation for those purposes.

Repaying the loan is a condition of the approval of the incorporation. If it is successful the repayment becomes an obligation of the city to be repaid within two years. If LAFCO denies the incorporation or it is defeated at an election the loan is forgiven by the State.

56383. (a) The commission may establish a schedule of fees for the costs of proceedings taken pursuant to this division, including, but not limited to, all of the following:

- (1) Filing and processing applications filed with the commission.
- (2) Proceedings undertaken by the commission and any reorganization committee.
- (3) Amending a sphere of influence.
- (4) Reconsidering a resolution making determinations.

(b) The schedule of fees shall not exceed the estimated reasonable cost of providing the service for which the fee is charged and shall be imposed pursuant to Section 66016.

(c) The commission may require that a fee be deposited with the executive officer before any further action is taken. The deposit of the fee shall be made within the time period specified by the commission. No petition shall be deemed filed until the fee has been deposited.

(d) The commission may waive a fee if it finds that payment would be detrimental to the public interest.

(e) The signatures on a petition submitted to the commission shall be verified by the elections official of the county and the costs of verification shall be provided for in the same manner and by the same agencies which bear the costs of verifying signatures for an initiative petition in the same county.

(f) Waiver of fees is limited to those costs incurred by the commission in the processing of a proposal.

(g) For incorporation proceedings that have been initiated by the filing of a sufficient number of voter signatures on petitions that have been verified by the county registrar of voters, the commission may, upon the receipt of a certification by the proponents that they are unable to raise sufficient funds to reimburse fees for the proceedings, take no action on the proposal and request a loan from the General Fund of an amount sufficient to cover those expenses subject to availability of an appropriation for those purposes and in accordance with any provisions of the appropriation.

Repayment of the loan shall be made a condition of approval of the incorporation, if successful, and shall become an obligation of the newly formed city. Repayment shall be made within two years of the effective date of incorporation.

If the proposal is denied by the commission or defeated at an election, the loan shall be forgiven.

34. Appointment of Executive Officer, Legal Counsel and staff

Section 56384 requires LAFCO to appoint its executive officer and legal counsel. The previous law allowed LAFCO to appoint an executive officer and legal counsel.

If staff has a conflict of interest the Commission can appoint an alternate executive officer and alternate legal counsel.

56384. (a) The commission shall appoint an executive officer who shall conduct and perform the day-to-day business of the commission.

If the executive officer is subject to a conflict of interest on a matter before the commission, the commission shall appoint an alternate executive officer. The commission may recover its costs by charging fees pursuant to Section 56383.

(b) The commission shall appoint legal counsel to advise it. If the commission's counsel is subject to a conflict of interest on a matter before the commission, the commission shall appoint alternate legal counsel to advise it. The commission may recover its costs by charging fees pursuant to Section 56383.

(c) The commission may appoint staff as it deems appropriate. If staff for the commission is subject to a conflict of interest on a matter before the commission, the commission shall appoint alternate staff to assist it. The commission may recover its costs by charging fees pursuant to Section 56383.

(d) For purposes of this section, the term "conflict of interest" shall be defined as it is for the purpose of the Political Reform Act of 1974 and shall also include matters proscribed by Article 4 (commencing with Section 1090) of Chapter 1 of Division 4 of Title 1.

CHANGES IN BOUNDARY CHANGE PROCEDURES

The synopsis of each change is full margin and the actual statute is indented. New legislative wording is underlined.

35. LAFCO is the conducting authority for boundary changes

Prior to AB 2838 a city council, district board or Board of Supervisors was the “conducting authority” after LAFCO approved a proposal. Now LAFCO serves as conducting authority for all changes and will conduct the hearings to receive written protests.

Proposals will not be returned to local agencies for processing, except when a confirmation election is required.

This change requires new forms and procedures for conducting “protest” hearings and greatly expands LAFCO’s notice requirements.

56029. “Conducting authority” means the commission of the principal county of the entity proposing a change of organization or reorganization, unless another conducting authority is specified by law.

56100. Notwithstanding any other provision of law, proceedings for the formation of a district shall be conducted as authorized by the principal act of the district proposed to be formed, except that the commission shall serve as the conducting authority and the procedural requirements of this division shall apply and shall prevail in the event of conflict with the procedural requirements of the principal act of the district. In the event of such a conflict, the commission shall specify the procedural requirements that apply, consistent with the requirements of this section.

57000. (a) After adoption of a resolution making determinations by the commission pursuant to Part 3 (commencing with Section 56650), protest proceedings for a change of organization or reorganization shall be taken pursuant to this part.

(b) If a proposal is approved by the commission, with or without amendment, wholly, partially, or conditionally, the commission shall conduct proceedings in accordance with this part. The proceedings shall be conducted and completed pursuant to those provisions which are applicable to the proposal and the territory contained in the proposal as it is approved by the commission. If the commission approves the proposal with modifications or conditions, proceedings shall be conducted and completed in compliance with those modifications or conditions.

57025. (a) The executive officer of the commission shall give notice of the protest hearing to be held on the proposal by publication pursuant to Sections 56153 and 56154 and by posting pursuant to Sections 56158 and 56159.

(b) The executive officer shall also give mailed notice to each affected city, affected district, or affected county, the proponents, if any, all landowners owning land within any territory proposed to be formed into, or to be annexed to, or detached from, an improvement district within any city or district, and to persons requesting special notice, in accordance with the provisions of Sections 56155 to 56157, inclusive.

(c) In the case of a proposed annexation to a city of affected territory consisting of 75 acres or less, the executive officer of the commission shall give mailed notice to each landowner within the affected territory.

(d) In the case of a proposed change of organization or reorganization that would result in the extension of any previously authorized special tax or benefit assessment to the affected territory, the executive officer of the commission shall give mailed notice to each landowner within the affected territory.

57050. (a) The protest hearing on the proposal shall be held by the commission on the date and at the time specified in the notice given by the executive officer. The hearing may be continued from time to time but not to exceed 60 days from the date specified for the hearing in the notice.

(b) At the protest hearing, prior to consideration of protests, the commission's resolution making determinations shall be summarized. At that hearing, the commission shall hear and receive any oral or written protests, objections, or evidence which is made, presented, or filed. Any person who has filed a written protest may withdraw that protest at any time prior to the conclusion of the hearing.

57052. Upon conclusion of the protest hearing, the commission shall determine the value of written protests filed and not withdrawn. The value of written protests shall be determined in the same manner prescribed in Sections 56707, 56708, and 56710 for determining the sufficiency of petitions filed with the commission. SEC. 226. Section 57053 of the Government Code is amended and renumbered to read:

36. LAFCO can delegate the conducting authority process to the Executive Officer

Section 57000 allows LAFCO to delegate conducting authority procedures to its executive officer, thereby expediting the boundary change process since the staff can conduct "protest" hearings at times other than regular Commission meeting dates.

57000. (c) Any reference in this part to the commission also means the executive officer for any function which the executive officer will perform pursuant to a delegation of authority from the commission.

37. Revised definition of landowner

The change identifies landowner as those on the most recent assessment roll “being prepared by the County.” Prior language referred to the most recent completed assessment roll. The staff is working with the County Assessor to implement needed procedural changes.

56048. (a) Except as otherwise provided in subdivision (b) or (c), “landowner” or “owner of land” means all of the following:

(1) Any person shown as the owner of land on the most recent assessment roll being prepared by the county at the time the commission adopts a resolution of application except where that person is no longer the owner. Where that person is no longer the owner, the landowner or owner of land is any person entitled to be shown as owner of land on the next assessment roll.

(2) Where land is subject to a recorded written agreement of sale, any person shown in the agreement as purchaser.

(3) Any public agency owning land.

(b) “Landowner” or “owner of land” does not include a public agency which owns highways, rights-of-way, easements, waterways, or canals.

(c) For the purpose of mailed notice provided pursuant to Section 56157, “landowner” or “owner of land” means each person to whom land is assessed, as shown upon the most recent assessment roll being prepared by the county at the time the commission adopts a resolution of application, at the address shown upon that assessment roll.

38. School districts can initiate boundary changes

The change allows school districts to initiate proposals with LAFCO, an authority previously reserved to landowners, resident voters, cities, counties and districts.

56069. “Proposal” means a request or statement of intention made by petition or by resolution of application of a legislative body or of a school district proposing proceedings for the change of organization or reorganization described in the request or statement of intention.

39. LAFCO responsibilities when two counties are involved

Section 56123 creates notice requirements for proposals that affect two or more counties.

56123. Except as otherwise provided in Section 56124, if a proposed change of organization or a reorganization applies to two or more affected counties, for the

purpose of this division, exclusive jurisdiction shall be vested in the commission of the principal county. Any notices, proceedings, orders, or any other acts authorized or required to be given, taken, or made by the commission, board of supervisors, clerk of a county, or any other county official, shall be given, taken, or made by the persons holding those offices in the principal county.

The commission of the principal county shall provide notice to the chair, each board member, and the executive officer of all affected agencies of any proceedings, actions, or reports on the proposed change of organization or reorganization.

Any officer of a county other than the principal county shall cooperate with the commission of the principal county and shall furnish the commission of the principal county with any certificates, records, or certified copies of records as may be necessary to enable the commission of the principal county to comply with this division.

40. Out-of-agency service agreements; specified LAFCO duties

Section 56133 formalizes LAFCO procedures for proposed out-of-agency service agreements by establishing deadlines and processing requirements.

The change also expands LAFCO authority over out-of-agency service agreements to include those between public agencies (which were previously exempt from LAFCO review). Still exempt are agreements when one agency is simply being substituted for another agency where a service is already being provided.

56133. (a) A city or district may provide new or extended services by contract or agreement outside its jurisdictional boundaries only if it first requests and receives written approval from the commission in the affected county.

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

(c) The commission may authorize a city or district to provide new or extended services outside its jurisdictional boundaries and outside its sphere of influence to respond to an existing or impending threat to the public health or safety of the residents of the affected territory if both of the following requirements are met:

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

(2) The commission has notified any alternate service provider, including any water corporation as defined in Section 241 of the Public Utilities Code, or sewer system

corporation as defined in Section 230.6 of the Public Utilities Code, that has filed a map and a statement of its service capabilities with the commission.

(d) The executive officer, within 30 days of receipt of a request for approval by a city or district of a contract to extend services outside its jurisdictional boundary, shall determine whether the request is complete and acceptable for filing or whether the request is incomplete. If a request is determined not to be complete, the executive officer shall immediately transmit that determination to the requester, specifying those parts of the request that are incomplete and the manner in which they can be made complete.

When the request is deemed complete, the executive officer shall place the request on the agenda of the next commission meeting for which adequate notice can be given but not more than 90 days from the date that the request is deemed complete, unless the commission has delegated approval of those requests to the executive officer.

The commission or executive officer shall approve, disapprove, or approve with conditions the contract for extended services. If the contract is disapproved or approved with conditions, the applicant may request reconsideration, citing the reasons for reconsideration.

(c) This section does not apply to contracts or agreements solely involving two or more public agencies where the public service to be provided is an alternative to, or substitute for, public services already being provided by an existing public service provider and where the level of service to be provided is consistent with the level of service contemplated by the existing service provider.

This section does not apply to contracts for the transfer of nonpotable or nontreated water. This section does not apply to contracts or agreements solely involving the provision of surplus water to agricultural lands and facilities, including, but not limited to, incidental residential structures, for projects that serve conservation purposes or that directly support agricultural industries. However, prior to extending surplus water service to any project that will support or induce development, the city or district shall first request and receive written approval from the commission in the affected county.

This section does not apply to an extended service that a city or district was providing on January 1, 1994. This section does not apply to a local publicly owned electric utility, as defined by Section 9604 of the Public Utilities Code, providing electric services that do not involve the acquisition, construction, or installation of electric distribution facilities by the local publicly owned electric utility, outside of the utility's jurisdictional boundaries.

41. New LAFCO duty to post notices on the Internet

Section 56150 requires LAFCO to post notices on an Internet web site, provided the LAFCO maintains such a web site.

56150. Unless the provision or context otherwise requires, whenever this division requires notice to be published, posted, or mailed, the notice shall be published, posted, or mailed as provided in this chapter. Unless the provision or context otherwise requires, whenever this division requires notice to be given that notice shall also be given in electronic format on a website provided by the commission, to the extent that the commission maintains a website.

42. Extended LAFCO notice period – 21 days rather than 15 days

The change extends LAFCO's minimum notice requirement from 15 days to 21 days prior to the date of the hearing.

56154. If the published notice is a notice of a hearing, publication of the notice shall be commenced at least 21 days prior to the date specified in the notice for the hearing.

56156. If the mailed notice is notice of a hearing, the notice shall be mailed at least 21 days prior to the date specified in the notice for hearing.

56157. Notice shall also either be posted or published in one newspaper 21 days prior to the hearing.

If this section would require more than 1,000 notices to be mailed, then notice may instead be provided pursuant to paragraph (1) of subdivision (b) of Section 65954.6.

43. Broader LAFCO notice requirements – Part 1

Section 56157 requires LAFCO to mail notices to all registered voters and landowners within 300 feet of the boundaries of the affected property. While this process is typical for city and county land use permits it is a new requirement for LAFCOs.

56157. When mailed notice is required to be given to:

- (a) A county, city, or district, it shall be addressed to the clerk of the county, city, or district.
- (b) A commission, it shall be addressed to the executive officer.
- (c) Proponents, it shall be addressed to the persons so designated in the petition at the address specified in the petition.

- (d) Landowners, it shall be addressed to each person to whom land is assessed, as shown upon the most recent assessment roll being prepared by the county at the time the commission adopts a resolution of application, at the address shown upon the assessment roll.
- (e) Persons requesting special notice, it shall be addressed to each person who has filed a written request for special notice with the executive officer or clerk at the mailing address specified in the request.
- (f) To all registered voters and owners of property, to the address as shown on the most recent assessment roll being prepared by the county at the time a resolution of application is adopted to initiate proceedings within 300 feet of the exterior boundary of the property that is the subject of the hearing at least 21 days prior to the hearing.

This requirement may be waived if proof satisfactory to the commission is presented that shows that individual notices to registered voters and landowners have already been provided by the initiating agency.

Notice shall also either be posted or published in one newspaper 21 days prior to the hearing.

If this section would require more than 1,000 notices to be mailed, then notice may instead be provided pursuant to paragraph (1) of subdivision (b) of Section 65954.6.

44. Broader LAFCO notice requirements – Part 2

Section 56658 requires LAFCO to notify the County Committee on School District Organization and each affected school district superintendent of proposals that are received. This is a new obligation for LAFCO.

LAFCO is also required to notify “each local elected official, each member of the governing board and the executive officer” of each affected local agency. This is also a new notice obligation. Previously it was sufficient to mail a notice to the clerk of the affected agency.

The State Director of Conservation must be notified of proposed annexations of land that are included within a Williamson Act Contract.

56658. (b) Immediately after receiving an application and before issuing a certificate of filing, the executive officer shall give mailed notice that the application has been received to each interested agency, each subject agency, the county committee on school district organization, and each school superintendent whose school district overlies the subject area.

56661. To the extent that the commission maintains an Internet website, notice of all public hearings shall be made available in electronic format on that site.

The executive officer shall also give mailed notice of any hearing by the commission, as provided in Sections 56155 to 56157, inclusive, by mailing notice of the hearing or transmitting by electronic mail, if available to the recipient, to all of the following persons and entities:

(a) To each affected local agency by giving notice to each elected local official, each member of the governing body, and the executive officer of the agency.

(b) To the proponents, if any.

(c) To each person who has filed a written request for special notice with the executive officer.

(d) If the proposal is for any annexation or detachment, or for a reorganization providing for the formation of a new district, to each city within three miles of the exterior boundaries of the territory proposed to be annexed, detached, or formed into a new district.

(e) If the proposal is to incorporate a new city or for the formation of a district, to the affected county.

(f) If the proposal includes the formation of, or annexation of territory to, a fire protection district formed pursuant to the Fire Protection District Law of 1987, Part 3 (commencing with Section 13800) of Division 12 of the Health and Safety Code, and all or part of the affected territory has been classified as a state responsibility area, to the Director of Forestry and Fire Protection.

(g) If the proposal would result in the annexation to a city of land that is subject to a contract executed pursuant to the Williamson Act (Chapter 7 (commencing with Section 51200) of Division 1), to the Director of Conservation.

(h) To all registered voters and owners of property, as shown on the most recent assessment roll being prepared by the county at the time the commission adopts a resolution of application, within 300 feet of the exterior boundary of the property that is the subject of the hearing at least 20 days prior to the hearing.

In lieu of the assessment roll, the agency may use the records of the county assessor or tax collector or any other more current record. Notice shall also either be posted or published in one newspaper 20 days prior to the hearing.

If this section would require more than 1,000 notices to be mailed, then notice may instead be provided pursuant to paragraph (1) of subdivision (b) of Section 65954.6.

45. Waiver of protest proceedings

Section 56663 makes waiving conducting authority procedures more difficult by requiring LAFCO to mail written notice to all property owners and registered voters within the subject territory and ensuring that no opposition is received prior to or during the LAFCO meeting.

Also it provides that proceedings can be waived only if all agencies that would gain or lose territory have consented in writing to waive the proceedings. Previously only agencies that would gain territory were required to consent to the waiver.

56663. (c) In the case of uninhabited territory, the commission may waive protest proceedings pursuant to Part 4 (commencing with Section 57000) entirely if all of the following conditions apply:

(1) All the owners of land within the affected territory have given their written consent to the change of organization or reorganization.

(2) All affected local agencies that will gain or lose territory as a result of the change of organization or reorganization have consented in writing to a waiver of protest proceedings.

(3) The commission has provided written notice of commission proceedings to all property owners and registered voters within the subject territory and no opposition is received prior to or during the commission meeting.

(d) In the case of inhabited city and district annexations or detachments, or both, the commission may waive protest proceedings pursuant to Part 4 (commencing with Section 57000) entirely if both of the following conditions apply:

(1) The commission has provided written notice of commission proceedings to all registered voters and landowners within the affected territory and no opposition from registered voters or landowners within the affected territory is received prior to or during the commission meeting.

The written notice shall disclose to the registered voters and landowners that unless opposition is expressed regarding the proposal or the commission's intention to waive protest proceedings, that there will be no subsequent protest and election proceedings.

(2) All affected local agencies that will gain or lose territory as a result of the change of organization or reorganization have consented in writing to a waiver of protest proceedings.

46. Publication before circulating petitions

Section 56700.4 obligates prospective petitioners for boundary changes to file with LAFCO a notice of intention to circulate the petition and written statements setting forth the reasons for the proposal. Upon receiving the notice LAFCO must notify any affected jurisdictions.

56700.4. (a) Before circulating any petition for change of organization, the proponent shall file with the executive officer a notice of intention that shall include the name and mailing address of the proponent and a written statement, not to exceed 500 words in length, setting forth the reasons for the proposal.

The notice shall be signed by a representative of the proponent, and shall be in substantially the following form:

Notice of Intent to Circulate Petition

Notice is hereby given of the intention to circulate a petition proposing to _____.

The reasons for the proposal are:

(b) After the filing required pursuant to subdivision (a), the petition may be circulated for signatures.

(c) Upon receiving the notice, the executive officer shall notify any affected jurisdictions.

(d) The notice requirements of this section shall apply in addition to any other applicable notice requirements.

47. LAFCO may determine dual majority elections for qualified city annexations

Section 56737 allows LAFCO to determine if an election to confirm a city annexation where the annexation area represents 50% or more of the assessed value or registered voters of the existing city is to be held in the annexation area alone or in the existing city also.

56737. When a change of organization or a reorganization includes the annexation of inhabited territory to a city and the assessed value of land within the territory equals one-half or more of the assessed value of land within the city, or the number of registered voters residing within the territory equals one-half or more of the number of registered voters residing within the city, the commission may determine as a condition of the proposal that the change of organization or reorganization shall also be subject to confirmation by the voters in an election to be called, held, and conducted within the territory of the city to which annexation is proposed.

48. City detachment and district annexation procedures

A city may not, on its own motion, terminate a detachment. Likewise, a special district may not terminate an annexation.

Sections 56751 and 56857 direct the LAFCO staff to place proposals for city detachments or district annexations on the next LAFCO agenda for informational purposes and to transmit a copy of the proposal to the subject city or special district. The city or district may, within 60 days of the date the proposal is on LAFCO's agenda, request termination of the proceedings and LAFCO must comply.

This new procedure could delay, by two months, these types of boundary changes.

56751. (a) Upon receipt by the commission of a proposed change of organization or reorganization, except a special reorganization, that includes the detachment of territory from any city, the commission shall place the proposal on the agenda for the next commission meeting for information purposes only and shall transmit a copy of the proposal to any city from which the detachment of territory is requested.

(b) No later than 60 days after the date that the proposal is on the commission's meeting agenda in accordance with subsection (a), an affected city may adopt and transmit to the commission a resolution requesting termination of the proceedings.

(c) If an affected city has adopted and transmitted to the commission a resolution requesting termination of proceedings within the time period prescribed by this section, then the commission shall terminate the proceedings upon receipt of the resolution from the city.

56857. (a) Upon receipt by the commission of a proposed change of organization or reorganization that includes the annexation of territory to any district, if the proposal is not filed by the affected district the commission shall place the proposal on the agenda for the next commission meeting for information purposes only and shall transmit a copy of the proposal to any district to which an annexation of territory is requested.

(b) No later than 60 days after the date that the proposal is on the commission's meeting agenda in accordance with subsection (a), an affected district may adopt and transmit to the commission a resolution requesting termination of the proceedings.

(c) If an affected district has adopted and transmitted to the commission a resolution requesting termination of proceedings within the time period prescribed by this section, then the commission shall terminate the proceedings upon receipt of the resolution from the district.

49. Restrictions on “lame duck” governing boards

Section 56885.5 allows LAFCO to limit the ability of agencies whose dissolution has been approved from increasing compensation or benefits for district staff or board members or obligating agency revenues beyond that approved in the current budget at the time the dissolution was approved, unless an emergency exists.

56885.5. (a) (4) With respect to any commission determination to approve the disincorporation of a city, the dissolution of a district, or the reorganization or consolidation of agencies which results in the dissolution of one or more districts or the disincorporation of one or more cities, a condition prohibiting an agency being dissolved from taking any of the following actions, unless it first finds that an emergency situation exists as defined in Section 54956.5:

(A) Approving any increase in compensation or benefits for members of the governing board, its officers, or the executive officer of the agency.

(B) Appropriating, encumbering, expending, or otherwise obligating, any revenue of the agency beyond that provided in the current budget at the time the dissolution is approved by the commission.

(b) If the commission so conditions its approval, the commission may order that any further action pursuant to this division be continued and held in abeyance for the period of time designated by the commission, not to exceed six months from the date of that conditional approval.

(c) The commission order may also provide that any election called upon any change of organization or reorganization shall be called, held, and conducted before, upon the same date as, or after the date of any election to be called, held, and conducted upon any other change of organization or reorganization.

(d) The commission order may also provide that in any election at which the questions of annexation and district reorganization or incorporation and district reorganization are to be considered at the same time, there shall be a single question appearing on the ballot upon the issues of annexation and district reorganization or incorporation and district reorganization.

50. Reconsideration of LAFCO decisions

Section 56895 requires requests for reconsiderations of LAFCO decisions to state the new or different facts that could not have been presented previously, or applicable new statutes, that are claimed to warrant the reconsideration.

Section 56895. (a) When a commission has adopted a resolution making determinations, any person or affected agency may file a written request with the

executive officer requesting amendments to or reconsideration of the resolution. The request shall state the specific modification to the resolution being requested and shall state what new or different facts that could not have been presented previously, or applicable new law, are claimed to warrant the reconsideration.

If the request is filed by a school district that received notification pursuant to Section 56658, the commission shall consider that request at a public hearing.

(b) Notwithstanding Section 56106, the deadlines set by this section are mandatory. The person or agency shall file the written request within 30 days of the adoption of the initial or superseding resolution by the commission making determinations. If no person or agency files a timely request, the commission shall not take any action pursuant to this section.

(c) Upon receipt of a timely request, the executive officer shall not take any further action until the commission acts on the request.

(d) Upon receipt of a timely request by the executive officer, the time to file any action, including, but not limited to, an action pursuant to Section 21167 of the Public Resources Code and any provisions of Part 4 (commencing with Section 57000) governing the time within which the commission is to act shall be tolled for the time that the commission takes to act on the request.

(e) The executive officer shall place the request on the agenda of the next meeting of the commission for which notice can be given pursuant to this subdivision. The executive officer shall give notice of the consideration of the request by the commission in the same manner as for the original proposal. The executive officer may give notice in any other manner as he or she deems necessary or desirable.

(f) At that meeting, the commission shall consider the request and receive any oral or written testimony. The consideration may be continued from time to time but not to exceed 70 days from the date specified in the notice. The person or agency which filed the request may withdraw it at any time prior to the conclusion of the consideration by the commission.

(g) At the conclusion of its consideration, the commission may approve or disapprove with or without amendment, wholly, partially, or conditionally, the request. If the commission disapproves the request, it shall not adopt a new resolution making determinations. If the commission approves the request, with or without amendment, wholly, partially, or conditionally, the commission shall adopt a resolution making determinations which shall supersede the resolution previously issued.

(h) The determinations of the commission shall be final and conclusive. No person or agency shall make any further request for the same change or a substantially similar change, as determined by the commission.

(i) Notwithstanding subdivision (h), clerical errors or mistakes may be corrected pursuant to Section 56854.

51. Proceedings involving confirmation elections

Although LAFCO is the conducting authority, a city council or the Board of Supervisors, depending on the type of boundary change, will conduct any confirmation elections.

57000 (d) When the commission makes a determination pursuant to this division that will require an election to be conducted, it shall inform the board of supervisors or the city council of the affected city of that determination and request the board or the city council to direct the elections official to conduct the necessary election.

(e) When a board of supervisors or a city council is informed by the commission that a determination has been made which requires an election, it shall direct the elections official to conduct the necessary election. The board or council shall do all of the following:

(1) Call, provide for, and give notice of a special election or elections upon that question.

(2) Fix a date of election.

(3) Designate precincts and polling places.

(4) Take any other action necessary to call, provide for, and give notice of the special election or elections and to provide for the conduct and the canvass of returns of the election, as determined by the commission.

(f) Any provision in this part which requires that an election be called, held, provided for, or conducted shall mean that the procedures specified in subdivisions (d) and (e) shall be followed.

52. Abandonment of proceedings

Section 57001 specifies that time extensions to complete an approved boundary change may be for any period LAFCO deems reasonable. Without an extension proceeding becomes null and void one year from the date of LAFCO's approval.

57001. If a certificate of completion for a change of organization or reorganization has not been filed within one year after the commission approves a proposal for that proceeding, the proceeding shall be deemed abandoned unless prior to the expiration of that year the commission authorizes an extension of time for that completion.

The extension may be for any period deemed reasonable to the commission for completion of necessary prerequisite actions by any party.

If a proceeding has not been completed because of the order or decree of a court of competent jurisdiction temporarily enjoining or restraining the proceedings, this shall not be deemed a failure of completion and the one-year period shall be tolled for the time that order or decree is in effect.

53. Mandatory reconsideration period

Section 57002 requires the executive officer to wait for a thirty-day reconsideration period after LAFCO's approval before setting a proposal for hearing.

57002. (a) Within 35 days following the adoption of the commission's resolution making determinations, and following the reconsideration period specified in subdivision (b) of Section 56895, the executive officer of the commission shall set the proposal for hearing and give notice of that hearing by mailing, publication, and posting, as provided in Chapter 4 (commencing with Section 56150) of Part 1. The date of that hearing shall not be less than 15 days, or more than 60 days, after the date the notice is given.

(b) Where the proceeding is for the establishment of a district of limited powers as a subsidiary district of a city, upon the request of the affected district, the date of the hearing shall be at least 90 days, but no more than 135 days, from the date the notice is given.

(c) If authorized by the commission pursuant to Section 56663, a change of organization or reorganization may be approved without notice, hearing, and election.

54. Time for public utilities to act

Section 57201 requires that LAFCO allow public utilities 90 days after completion of a proceeding to make changes to impact the utility customer accounts.

57201. The certificate of completion prepared and executed by the executive officer shall contain all of the following information:

(d) Any terms and conditions of the change of organization or reorganization. The terms and conditions shall provide public utilities, as defined in Section 216 of the Public Utilities Code, 90 days following the recording of the certificate of completion to make the necessary changes to impacted utility customer accounts.