

May 4, 2017 (Agenda)

Local Agency Formation Commission  
105 East Anapamu Street  
Santa Barbara CA 93101

**Consider Approval of 1). Recommended Positions on Pending Legislation, 2). CALAFCO 2017 Legislative Policies as a Guide to SBLAFCO, 3). Authorization to the Executive Officer to send Position letters on Pending Legislation, and 4). Update on Little Hoover Commission:**

Dear Members of the Commission

The Santa Barbara LAFCO Legislative Committee held its first meeting on April 12, 2017 and identified a number of pending bills that could have an impact on LAFCO's statewide and SBLAFCO in particular. Since the Commission held its Regular meeting the next day on April 13<sup>th</sup>, staff was directed to return at the next meeting with recommendations. The following are bills that have been identified for Commission consideration and action. Copies of the bills are attached as **Exhibits A-G**.

1). Recommended Positions on Pending Legislation:

- a) ***Assembly Bill 722 (Limon) re: County appointments to Isle Vista CSD Board - Consider Legislative Committee recommendation that the Commission send a letter of opposition.*** The bill deals with determining that a member of the Board of Supervisors would be allowed to sit on the Isla Vista Community Services District Board of directors without it being an incompatible office.
- b) ***Senate Bill 448 (Wieckowski) re: Inactive Districts – Recommend Oppose, Unless Amended:*** Would require a local agency formation commission to dissolve any special district that is an inactive district. The bill would additionally require a local agency formation commission to initiate proceedings for the dissolution of idle districts, as specified. This bill would define the terms “inactive district” and “idle district” for these purposes. By increasing the duties of local officials, this bill would impose a state-mandated local program. This bill contains other related provisions and other existing laws.

AB 448 is about to be amended in the Government and Finance Committee on April 6, 2017. CALAFCO's biggest concern with the bill is that LAFCO's will be

required to dissolve an “idle” district (definition in the bill – and different than inactive district) as an unfunded mandate subject to the normal – not streamlined – LAFCO initiated process (meaning special study, subject to protest, etc.). This will be the case for districts who have not filed reports with the State Controller’s Office (SCO) for as many as 9 years – and makes the assumption that dissolution is the only path forward for them, without LAFCO reimbursement. As an aside, there are a lot of unfunded mandates in this bill affecting us, districts and the SCO.

- c) ***Assembly Bill 1725 Local Government Omnibus – CALAFCO Sponsored- Recommend Support:*** The Cortese-Knox-Hertzberg Local Government Reorganization Act of 2000, among other things, authorizes a local agency formation commission to establish a schedule of fees and a schedule of service charges for proceedings taken pursuant to the act, as specified. This bill would revise that provision to authorize a local agency formation commission to establish a schedule of fees and a schedule of service charges pursuant to the act. This is the annual Omnibus bill. The bill currently has one item and will be amended soon to include five (5) additional items.
  
- d) ***Assembly Bill 464 (Gallagher) – Annexations- CALAFCO Sponsored - Recommend Support:*** Under the Cortese-Knox-Hertzberg Local Government Reorganization Act of 2000, current law requires that an applicant seeking a change of organization or reorganization submit a plan for providing services within the affected territory that includes, among other requirements, an enumeration and description of the services to be extended to the affected territory and an indication of when those services can feasibly be extended. This bill would specify that the plan is required to also include specific information regarding services currently provided to the affected territory, as applicable, and make related changes.
  
- e) ***Assembly Bill 979 (Lackey) Special District Seating on LAFCOs - CALAFCO Sponsored - Recommend Support:*** Current law dissolves redevelopment agencies and community development agencies, as of February 1, 2012, and designates successor agencies, as defined. Current law requires each successor agency to have an oversight board that is composed of 7 members who meet certain qualifications, including one member appointed by the independent special district selection committee. This bill would additionally require the executive officer to call and hold a meeting of the special district selection committee upon receipt of a written request by one or more members of the selection committee notifying the executive officer of a pending vacancy for the member representing independent special districts on an oversight board.

- f) ***Senate Bill 365 (Dodd) – Creation of a Parks and Recreation District – Circumvents LAFCO – Recommend Oppose:*** Current law authorizes proceedings for the formation of a regional park and open-space or regional open-space district in specified counties in the state to be initiated by resolution of the county board of supervisors adopted after a noticed hearing, and specifies the contents of the resolution. This bill, in addition, would authorize the formation of a regional district in the County of Solano to be initiated by resolution of the county board of supervisors after a noticed hearing. The bill would specify the contents of the resolution, including the calling of an election, as prescribed.
  
- g) ***Senate Bill 634 (Wilk) – Creation of the Santa Clarita Valley Water District - Circumvents LAFCO – Recommend Oppose:*** Current law, the Castaic Lake Water Agency Law, created the Castaic Lake Water Agency and authorizes the agency to acquire water and water rights, including water from the State Water Project, and to provide, sell, and deliver water at wholesale for municipal, industrial, domestic, and other purposes. This bill would repeal the Castaic Lake Water Agency Law. This bill contains other related provisions and other current laws.

## 2) CALAFCO 2017 Legislative Policies as a Guide to SBLAFCO

It would be extremely helpful to have a set of guidelines to direct staff and commissioner regarding legislative proposals. Many LAFCO's have adopted CALAFCO's Legislative Policies either on a permanent basis or until local policies are developed and approved.

Staff requests that the Commission review CALAFCO's 2017 Legislative Policies and approve them as a Guide for Santa Barbara LAFCO.

It is recommended that the Commission approve CALAFCO's 2017 Legislative Policies as a Guide to Santa Barbara LAFCO. The policies are attached as **Exhibit H**.

## 3). Authorization to the Executive Officer to send Position letters on Pending Legislation

In many instances, CALAFCO requested that letters of support or opposition for legislation affecting LAFCO be sent to State Legislators. Staff offers the following language to be added to the Commission's legislative policies to enable staff to respond in a timely manner:

***“The Executive Officer is authorized to submit position letters that do not support unfunded mandates in accordance with the California Association of Local Agency Formation Commissions’ (CALAFCO) annual legislative platform upon consultation with the Chair or Vice Chair when time does not allow approval by the Commission at a regular meeting.”***

**4). Update on Little Hoover Commission:**

The Little Hoover Commission (LHC) continues to meet to discuss the status of inactive special districts. Some of the items of discussion include the following:

- (1) The Legislature should curtail a growing practice of introducing and passing bills that override existing LAFCO processes and authority;
- (2) Streamline the process for LAFCOs to dissolve inactive districts;
- (3) Consider fixed terms for LAFCO Commissioners (to avoid random removal);
- (4) Update the principal act for CA Housing and Community Development (HCD); and
- (5) Require HCDs to create community needs assessments, annually report their progress of meeting those needs, and file all reports with LAFCO for inclusion in MSRs.

LHC Information sheet attached as **Exhibit I**.

Staff will keep the Commission apprised of the progress of the LHC's discussions.

**EXHIBITS:**

- Exhibit A Assembly Bill 722 (Limon)
- Exhibit B Senate Bill 448 (Wieckowski)
- Exhibit C Assembly Bill 1725 (Local Government Committee)
- Exhibit D Assembly Bill 464 (Gallagher)
- Exhibit E Assembly Bill 979 (Lackey)
- Exhibit F Senate Bill (365 (Dodd)
- Exhibit G Senate Bill 634 (Wilk)

Exhibit H CALAFCO's 2017 Legislative Policies

Exhibit I Update on Little Hoover Commission

Please contact the LAFCO office if you have any questions.

Sincerely,



PAUL HOOD  
Executive Officer



**ASSEMBLY BILL**

**No. 722**

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**Introduced by Assembly Member Limón**

February 15, 2017

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An act to amend Section 61250 of the Government Code, relating to local government.

LEGISLATIVE COUNSEL'S DIGEST

AB 722, as amended, Limón. Isla Vista Community Services District: board of directors.

Existing law authorizes the establishment of the Isla Vista Community Services District, as provided, for the performance of various services. Existing law specifies the composition of the board of directors of the district, that includes 5 members elected at large from within the district, one member appointed by the Board of Supervisors of the County of Santa Barbara, and one member appointed by the Chancellor of the University of California, Santa Barbara.

Existing law prohibits a public officer, including, but not limited to, an appointed or elected member of a governmental board, commission, committee, or other body, from simultaneously holding two public offices that are incompatible, as specified.

This bill would provide that service on the board of directors of the district by a member of the Board of Supervisors of the County of Santa Barbara *or by any public officer of the County of Santa Barbara or his or her deputy* shall not be considered an incompatible office.

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

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

1 SECTION 1. Section 61250 of the Government Code is  
2 amended to read:

3 61250. (a) Notwithstanding Chapter 2 (commencing with  
4 Section 61010) of Part 1, the Isla Vista Community Services  
5 District may be established in accordance with this part. All other  
6 provisions of this division shall apply to the Isla Vista Community  
7 Services District upon its establishment, except as provided in this  
8 part.

9 (b) (1) On or before January 5, 2016, the Board of Supervisors  
10 of the County of Santa Barbara shall file a resolution of application  
11 with the Santa Barbara County Local Agency Formation  
12 Commission, pursuant to subdivision (a) of Section 56654, to  
13 initiate a comprehensive review and recommendation of the  
14 formation of the district by the Santa Barbara County Local Agency  
15 Formation Commission. The board of supervisors shall pay any  
16 fees associated with the resolution of application.

17 (2) The Santa Barbara County Local Agency Formation  
18 Commission shall complete the review no later than 150 days  
19 following receipt of the completed resolution of application.  
20 Notwithstanding any other law, the Santa Barbara County Local  
21 Agency Formation Commission shall not have the power to  
22 disapprove the resolution of application.

23 (3) Notwithstanding any other law, the resolution of application  
24 filed by the board of supervisors pursuant to this subdivision shall  
25 not be subject to any protest proceedings.

26 (c) (1) The Santa Barbara County Local Agency Formation  
27 Commission shall order the formation of the district subject to a  
28 vote of the registered voters residing within the boundaries of the  
29 district, as those boundaries are set forth in subdivision (f), at an  
30 election following the completion of the review pursuant to  
31 subdivision (b). If a majority of voters within the boundaries of  
32 the district, as specified in subdivision (f), vote in favor of the  
33 district, the district shall be formed in accordance with this part.

34 (2) (A) The Santa Barbara Local Agency Formation  
35 Commission shall determine the appropriate rate of taxation for a  
36 utility user tax, applicable utilities to be taxed, and which services  
37 the district will be initially authorized to provide, pursuant to  
38 subdivision (d) and paragraph (5) of subdivision (g). The rate shall

1 be no lower than 5 percent and no higher than 8 percent of the total  
2 cost of an individual's service charge for the utility being taxed.

3 (B) The utility user tax shall only be applied to electricity,  
4 garbage disposal, gas, sewage, or water services.

5 (3) If the voters of the district do not vote to impose a utility  
6 user tax within the district on or before January 1, 2023, regardless  
7 of whether the establishment of the district is approved by the  
8 voters of the district, the district shall be dissolved as of that date.

9 (4) The Santa Barbara Local Agency Formation Commission  
10 shall direct the Santa Barbara County Board of Supervisors to  
11 direct county officials to conduct the necessary elections on behalf  
12 of the proposed district and place the items on the ballot including  
13 district approval, candidates for the district's board, and the utility  
14 user tax pursuant to subparagraph (A) of paragraph (2) at the next  
15 countywide election, as provided in subdivision (f) of Section  
16 61014.

17 (d) (1) The initial utility user tax imposed by the district shall  
18 only be used to fund the following services and powers of the  
19 district:

20 (A) Finance the operations of municipal advisory councils  
21 formed pursuant to Section 31010.

22 (B) Create a tenant mediation program.

23 (C) Finance the operations of area planning commissions formed  
24 pursuant to Section 65101.

25 (D) Exercise the powers of a parking district, in the same manner  
26 as a parking district formed pursuant to the Parking District Law  
27 of 1951 (Part 4 (commencing with Section 35100) of Division 18  
28 of the Streets and Highways Code).

29 (E) Contract with the County of Santa Barbara or the Regents  
30 of the University of California, or both, for additional police  
31 protection services to supplement the level of police protection  
32 services already provided by either the County of Santa Barbara  
33 or the Regents of the University of California within the area of  
34 the district.

35 (F) Acquire, construct, improve, maintain, and operate  
36 community facilities, including, but not limited to, community  
37 centers, libraries, theaters, museums, cultural facilities, and child  
38 care facilities.

39 (G) Acquire, construct, improve, and maintain sidewalks,  
40 lighting, gutters, and trees to supplement the level of service



1 already provided by either the County of Santa Barbara or County  
2 Service Area No. 31. The district shall not acquire, construct,  
3 improve, or maintain any work owned by another public agency  
4 unless that other public agency gives its written consent.

5 (H) Abate graffiti.

6 (2) This subdivision shall not be construed to limit the services  
7 that may be funded by a tax imposed at a later date.

8 (e) (1) Notwithstanding Chapter 1 (commencing with Section  
9 61020), Chapter 2 (commencing with Section 61025), and Chapter  
10 3 (commencing with Section 61040) of Part 2, the board of  
11 directors of the district shall be composed as follows:

12 (A) Five members elected at large from within the district as  
13 follows:

14 (i) Four members shall be elected for terms of four years. For  
15 the first election of the board of directors of the district, two  
16 members shall be elected for a term of two years and two members  
17 shall be elected for a term of four years.

18 (ii) One member shall be elected for a term of two years.

19 (B) One member appointed by the Board of Supervisors of the  
20 County of Santa Barbara for a term of two years for the first  
21 appointment following the creation of the district, and for a term  
22 of four years thereafter.

23 (C) One member appointed by the Chancellor of the University  
24 of California, Santa Barbara for a term of four years.

25 (2) (A) There shall be no limit on the number of terms any  
26 individual may serve on the board of directors of the district,  
27 whether that individual is appointed or elected.

28 (B) The qualification of candidates for the initial board of  
29 directors shall be conducted pursuant to the Uniform District  
30 Election Law (Part 4 (commencing with Section 10500) of the  
31 Elections Code).

32 (3) Notwithstanding any other law, service on the board of  
33 directors of the district by a member of the Board of Supervisors  
34 of the County of Santa Barbara *or by any public officer of the*  
35 *County of Santa Barbara or his or her deputy* shall not be  
36 considered an incompatible office.

37 (f) The boundaries of the district shall be contiguous with the  
38 area known as County Service Area No. 31 within the County of  
39 Santa Barbara and shall exclude any property owned by the Regents  
40 of the University of California within those boundaries.

1 (g) The district may, within its boundaries, do any of the  
2 following:

3 (1) Create a tenant mediation program.

4 (2) Exercise the powers of a parking district, in the same manner  
5 as a parking district formed pursuant to the Parking District Law  
6 of 1951 (Part 4 (commencing with Section 35100) of Division 18  
7 of the Streets and Highways Code).

8 (3) Contract with the County of Santa Barbara or the Regents  
9 of the University of California, or both, for additional police  
10 protection services to supplement the level of police protection  
11 services already provided by either the County of Santa Barbara  
12 or the Regents of the University of California within the area of  
13 the district.

14 (4) Acquire, construct, improve, and maintain sidewalks,  
15 lighting, gutters, and trees to supplement the level of service  
16 provided by either the County of Santa Barbara or County Service  
17 Area *No.* 31. The district shall not acquire, construct, improve, or  
18 maintain any work owned by another public agency unless that  
19 other public agency gives its written consent.

20 (5) Levy a utility user tax proposed by resolution of the board  
21 of directors of the district and pursuant to approval by a two-thirds  
22 vote in accordance with Section 2 of Article XIII C of the California  
23 Constitution on the utilities of gas, water, electricity, sewer, or  
24 garbage disposal services. A utility user tax imposed by the district  
25 shall not apply to any utility provided by a telecommunications  
26 service provider.

27 (6) Contract with the County of Santa Barbara, the Santa Barbara  
28 County Department of Planning and Development's Code  
29 Enforcement Program, or both, to provide Code Enforcement  
30 services to supplement the level of service provided by either the  
31 County of Santa Barbara or the Santa Barbara County Department  
32 of Planning and Development's Code Enforcement Program, or  
33 both. This includes, but is not limited to, contracting for dedicated  
34 Zoning Enforcement services pursuant to Chapter 35 of the Santa  
35 Barbara County Code, or contracting for dedicated Building  
36 Enforcement services pursuant to Chapters 10 and 14 of the Santa  
37 Barbara County Code. These contracted services may be proactive  
38 or reactive in their enforcement, as specified by the individual  
39 contract.



- 1 (h) Following the creation of the district, the district may petition  
2 the Santa Barbara Local Agency Formation Commission pursuant  
3 to the Cortese-Knox-Hertzberg Local Government Reorganization  
4 Act of 2000 (Division 3 (commencing with Section 56000) of Title  
5 5) to exercise new or different functions or classes of services  
6 listed in Section 61100, except those powers specified in  
7 subdivisions (e) and (f) of that section, in addition to those  
8 functions or services that were authorized at the time the district  
9 was created.
- 10 (i) The services provided by the district shall not supplant the  
11 level of services provided by the County of Santa Barbara, the Isla  
12 Vista Recreation and Park District, the University of California,  
13 Santa Barbara, or any other service provider.
- 14 (j) The district does not possess, and shall not exercise, the  
15 power of eminent domain.
- 16 (k) As used in this part, the term “district” means the Isla Vista  
17 Community Services District formed pursuant to this part.
- 18 (l) The Cortese-Knox-Hertzberg Local Government  
19 Reorganization Act of 2000 (Division 3 (commencing with Section  
20 56000) of Title 5) shall not apply to the formation of the district  
21 pursuant to subdivisions (b) and (c), to the selection of functions  
22 or services that may be provided pursuant to subdivision (d), or to  
23 the selection of functions or services to be provided pursuant to  
24 subdivision (g) upon establishment of the district, except as  
25 specified in this part. The act shall apply to any other change of  
26 organization or reorganization as defined in that act, following the  
27 establishment of the district, including, but not limited to, the  
28 exercise of new or different functions or classes of services  
29 authorized pursuant to subdivision (g) or (h) that were not selected  
30 upon establishment of the district.

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AMENDED IN SENATE APRIL 18, 2017

AMENDED IN SENATE APRIL 4, 2017

**SENATE BILL**

**No. 448**

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**Introduced by Senator Wieckowski**

February 15, 2017

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An act to amend Section 26909 of, to add Sections ~~56040.5~~ 12463.4, 56040.5, and 56042 to, and to add Article 9.5 (commencing with Section 53898) to Chapter 4 of Part 1 of Division 2 of, and to add Article 6 (commencing with Section 56879) to Chapter 5 of Part 3 of Division 3 of, Title 5 of, the Government Code, and to amend Section 2611.6 of the Revenue and Taxation Code, relating to local government.

LEGISLATIVE COUNSEL'S DIGEST

SB 448, as amended, Wieckowski. Local government: organization: districts.

(1) Existing law requires the officer of each local agency, as defined, who has charge of the financial records of the local agency, to furnish to the Controller a report of all the financial transactions of the local agency during the next preceding fiscal year within 90 days of the close of each fiscal year, or within 110 days if the report is furnished in an electronic format. *Existing law also requires a report of an audit of a special district's accounts and records made by a certified public accountant or public accountant to be filed with the Controller and the county auditor of the county in which the special district is located within 12 months of the end of the fiscal year or years under examination.*

This bill would require ~~each special district, on or before September 1, 2018, and every 2 years thereafter, to submit an audit covering the previous 2 fiscal years to the Controller, as specified. that those audit~~

*reports also be filed with the local agency formation commission of either the county in which the special district is located or, if the special district is located in 2 or more counties, the county containing the greatest percentage of the assessed value of taxable property of the district.* This bill would require the Controller, on or before October 1, 2018, and every year thereafter, to create a list of idle districts, as defined, and notify each special district that has been identified as an idle district, on or before November 1, 2018, and every 2 years thereafter. This bill would require ~~a each special district that has received notice that the Controller has identified the special district as an idle district~~ to submit, ~~within 180 days,~~ *with every audit or other specified documents filed with the Controller and the local agency formation commission,* a statement of purpose, as specified. The bill would require the Controller to post each statement of purpose it receives on its Internet Web site. *The bill would also require the Controller to publish on the Controller's Internet Web site a comprehensive list of special districts on or before July 1, 2019, and to annually update that list.*

(2) The Cortese-Knox-Hertzberg Local Government Reorganization Act of 2000 provides the exclusive authority and procedure for the initiation, conduct, and completion of changes of organization and reorganization for cities and districts, as specified.

This bill would require a local agency formation commission to dissolve any special district that is an inactive district. The bill would additionally require a local agency formation commission to initiate proceedings for the dissolution of idle districts, as specified. This bill would define the terms “inactive district” and “idle district” for these purposes. By increasing the duties of local officials, this bill would impose a state-mandated local program.

(3) Existing property tax law requires that each county tax bill, or a statement accompanying that bill, include specified information.

This bill would additionally require that each county tax bill, or a statement accompanying that bill, to include a list of all services provided by a city, county, special district, or school district that are funded by the general ad valorem property tax and any special taxes or special assessments levied. By increasing the duties of local officials, this bill would impose a state-mandated local program.

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



This bill would provide that with regard to certain mandates no reimbursement is required by this act for a specified reason.

With regard to any other mandates, this bill would provide that, if the Commission on State Mandates determines that the bill contains costs so mandated by the state, reimbursement for those costs shall be made pursuant to the statutory provisions noted above.

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

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

1     SECTION 1. Section 12463.4 is added to the Government Code,  
2     to read:

3     12463.4. On or before July 1, 2019, the Controller shall publish  
4     on the Controller's Internet Web site a comprehensive list of  
5     special districts. The Controller shall update the list every year  
6     thereafter.

7     SEC. 2. Section 26909 of the Government Code, as amended  
8     by Section 1 of Chapter 164 of the Statutes of 2016, is amended  
9     to read:

10    26909. (a) (1) The county auditor shall either make or contract  
11    with a certified public accountant or public accountant to make an  
12    annual audit of the accounts and records of every special district  
13    within the county for which an audit by a certified public  
14    accountant or public accountant is not otherwise provided. In each  
15    case, the minimum requirements of the audit shall be prescribed  
16    by the Controller and shall conform to generally accepted auditing  
17    standards.

18    (2) If an audit of a special district's accounts and records is  
19    made by a certified public accountant or public accountant, the  
20    minimum requirements of the audit shall be prescribed by the  
21    Controller and shall conform to generally accepted auditing  
22    standards, and a report thereof shall be filed with the ~~Controller~~  
23    ~~and Controller~~; with the county auditor of the county in which the  
24    special district is ~~located~~. *located, and with the local agency*  
25    *formation commission of the county in which the special district*  
26    *is located, unless the special district is located in two or more*  
27    *counties, then the county containing the greatest percentage of the*  
28    *assessed value of taxable property of the district.* The report shall

1 be filed within 12 months of the end of the fiscal year or years  
2 under examination.

3 (3) Any costs incurred by the county auditor, including contracts  
4 with, or employment of, certified public accountants or public  
5 accountants, in making an audit of every special district pursuant  
6 to this section shall be borne by the special district and shall be a  
7 charge against any unencumbered funds of the district available  
8 for the purpose.

9 (4) For a special district that is located in two or more counties,  
10 this subdivision shall apply to the auditor of the county in which  
11 the treasury is located.

12 (5) The county controller, or ex officio county controller, shall  
13 effect this section in those counties having a county controller or  
14 ex officio county controller.

15 (b) A special district may, by unanimous request of the  
16 governing board of the special district and with unanimous  
17 approval of the board of supervisors, replace the annual audit  
18 required by this section with one of the following, performed in  
19 accordance with professional standards, as determined by the  
20 county auditor:

21 (1) A biennial audit covering a two-year period.

22 (2) An audit covering a five-year period if the special district's  
23 annual revenues do not exceed an amount specified by the board  
24 of supervisors.

25 (3) An audit conducted at specific intervals, as recommended  
26 by the county auditor, that shall be completed at least once every  
27 five years.

28 (c) (1) A special district may, by unanimous request of the  
29 governing board of the special district and with unanimous  
30 approval of the board of supervisors, replace the annual audit  
31 required by this section with a financial review, or an agreed-upon  
32 procedures engagement, in accordance with the appropriate  
33 professional standards, as determined by the county auditor, if the  
34 following conditions are met:

35 (A) All of the special district's revenues and expenditures are  
36 transacted through the county's financial system.

37 (B) The special district's annual revenues do not exceed one  
38 hundred fifty thousand dollars (\$150,000).

39 (C) The special district shall pay for any costs incurred by the  
40 county auditor in performing an agreed-upon procedures



1 engagement. Those costs shall be charged against any  
2 unencumbered funds of the district available for that purpose.

3 (2) If the board of supervisors is the governing board of the  
4 special district, it may, upon unanimous approval, replace the  
5 annual audit of the special district required by this section with a  
6 financial review, or an agreed-upon procedures engagement, in  
7 accordance with the appropriate professional standards, as  
8 determined by the county auditor, if the special district satisfies  
9 the requirements of subparagraphs (A) and (B) of paragraph (1).

10 (d) (1) A special district may, by annual unanimous request of  
11 the governing board of the special district and with annual  
12 unanimous approval of the board of supervisors, replace the annual  
13 audit required by this section with an annual financial compilation  
14 of the special district to be performed by the county auditor in  
15 accordance with professional standards, if all of the following  
16 conditions are met:

17 (A) All of the special district's revenues and expenditures are  
18 transacted through the county's financial system.

19 (B) The special district's annual revenues do not exceed one  
20 hundred fifty thousand dollars (\$150,000).

21 (C) The special district shall pay for any costs incurred by the  
22 county auditor in performing a financial compilation. Those costs  
23 shall be a charge against any unencumbered funds of the district  
24 available for that purpose.

25 (2) A special district shall not replace an annual audit required  
26 by this section with an annual financial compilation of the special  
27 district pursuant to paragraph (1) for more than five consecutive  
28 years, after which a special district shall comply with subdivision  
29 (a).

30 (e) Notwithstanding this section, a special district shall be  
31 exempt from the requirement of an annual audit if the financial  
32 statements are audited by the Controller to satisfy federal audit  
33 requirements.

34 (f) Upon receipt of the financial review, agreed-upon procedures  
35 engagement, or financial compilation, the county auditor shall  
36 have the right to appoint, pursuant to subdivision (a), a certified  
37 public accountant or a public accountant to conduct an audit of  
38 the special district, with proper notice to the governing board of  
39 the special district and board of supervisors.

1 (g) This section shall remain in effect only until January 1, 2027,  
2 and as of that date is repealed.

3 *SEC. 3. Section 26909 of the Government Code, as added by*  
4 *Section 2 of Chapter 164 of the Statutes of 2016, is amended to*  
5 *read:*

6 26909. (a) (1) The county auditor shall either make or contract  
7 with a certified public accountant or public accountant to make an  
8 annual audit of the accounts and records of every special district  
9 within the county for which an audit by a certified public  
10 accountant or public accountant is not otherwise provided. In each  
11 case, the minimum requirements of the audit shall be prescribed  
12 by the Controller and shall conform to generally accepted auditing  
13 standards.

14 (2) If an audit of a special district's accounts and records is  
15 made by a certified public accountant or public accountant, the  
16 minimum requirements of the audit shall be prescribed by the  
17 Controller and shall conform to generally accepted auditing  
18 standards, and a report thereof shall be filed with the ~~Controller~~  
19 ~~and Controller~~, with the county auditor of the county in which the  
20 special district is ~~located~~, located, and with the local agency  
21 formation commission of the county in which the special district  
22 is located unless the special district is located in two or more  
23 counties, then the county containing the greatest percentage of the  
24 assessed value of taxable property of the district. The report shall  
25 be filed within 12 months of the end of the fiscal year or years  
26 under examination.

27 (3) Any costs incurred by the county auditor, including contracts  
28 with, or employment of, certified public accountants or public  
29 accountants, in making an audit of every special district pursuant  
30 to this section shall be borne by the special district and shall be a  
31 charge against any unencumbered funds of the district available  
32 for the purpose.

33 (4) For a special district that is located in two or more counties,  
34 this subdivision shall apply to the auditor of the county in which  
35 the treasury is located.

36 (5) The county controller, or ex officio county controller, shall  
37 effect this section in those counties having a county controller or  
38 ex officio county controller.

39 (b) A special district may, by unanimous request of the  
40 governing board of the special district and with unanimous

1 approval of the board of supervisors, replace the annual audit  
2 required by this section with one of the following, performed in  
3 accordance with professional standards, as determined by the  
4 county auditor:

5 (1) A biennial audit covering a two-year period.

6 (2) An audit covering a five-year period if the special district's  
7 annual revenues do not exceed an amount specified by the board  
8 of supervisors.

9 (3) An audit conducted at specific intervals, as recommended  
10 by the county auditor, that shall be completed at least once every  
11 five years.

12 (c) (1) A special district may, by unanimous request of the  
13 governing board of the special district and with unanimous  
14 approval of the board of supervisors, replace the annual audit  
15 required by this section with a financial review, in accordance with  
16 the appropriate professional standards, as determined by the county  
17 auditor, if the following conditions are met:

18 (A) All of the special district's revenues and expenditures are  
19 transacted through the county's financial system.

20 (B) The special district's annual revenues do not exceed one  
21 hundred fifty thousand dollars (\$150,000).

22 (2) If the board of supervisors is the governing board of the  
23 special district, it may, upon unanimous approval, replace the  
24 annual audit of the special district required by this section with a  
25 financial review in accordance with the appropriate professional  
26 standards, as determined by the county auditor, if the special district  
27 satisfies the requirements of subparagraphs (A) and (B) of  
28 paragraph (1).

29 (d) Notwithstanding this section, a special district shall be  
30 exempt from the requirement of an annual audit if the financial  
31 statements are audited by the Controller to satisfy federal audit  
32 requirements.

33 (e) The section shall become operative on January 1, 2027.

34 ~~SECTION 4.~~

35 *SEC. 4.* Article 9.5 (commencing with Section 53898) is added  
36 to Chapter 4 of Part 1 of Division 2 of Title 5 of the Government  
37 Code, to read:



## Article 9.5. Idle Districts

~~53898. (a) On or before September 1, 2018, and every two years thereafter, each special district shall submit an audit to the controller covering the previous two fiscal years.~~

~~(b) A special district may elect to submit a statement of purpose and financial review pursuant to paragraph (2) of subdivision (b) of Section 53898.5 to the controller no more than once every five years.~~

~~53898.5.~~

53898. (a) On or before October 1, 2018, and every two years thereafter, the Controller shall create a list of special districts that are idle, based upon the audits received pursuant to Section 53898. *idle*. A special district shall be included on that list and considered idle if either of the following apply: *the special district has not submitted financial materials to the Controller pursuant to Section 26909 by two years from the date the financial materials were due.*

~~(1) Both of the following apply:~~

~~(A) The special district has had no financial transactions within the audited time period.~~

~~(B) The special district has had no revenue within the audited time period.~~

~~(2) The special district has failed to submit an audit pursuant to Section 53898.~~

(b) (1) On or before November 1, 2018, and every two years thereafter, the Controller shall notify a special district if the Controller has added the special district to the list pursuant to subdivision (a).

~~(2) (A) Upon notification pursuant to paragraph (1), a special district shall, within 180 days, submit a statement of purpose to the Controller. The~~

*(2) (A) A special district shall submit a statement of purpose with every audit, financial review, agreed-upon procedures engagement, or financial compilation the special district submits to the Controller and the local agency formation commission. The statement of purpose shall include all of the following:*

(i) A list of any previous efforts made by the special district, the local agency formation commission, or the county toward dissolution, reorganization, or consolidation of the special district.

(ii) The date that the special district last performed a service.

1 (iii) Any planned date that the special district expects to perform  
2 a service.

3 (iv) An explanation for why services provided by the special  
4 district cannot be provided by the county *or city* in which the  
5 special district is located.

6 (v) A list of services provided by the special district that are  
7 also provided by the ~~county~~, *county or city*, if any.

8 (B) The Controller shall publish each statement of purpose  
9 received pursuant to this subdivision on ~~its~~ *the Controller's* Internet  
10 Web site.

11 ~~SEC. 2.~~

12 *SEC. 5.* Section 56040.5 is added to the Government Code, to  
13 read:

14 56040.5. "Idle district" means a district included on the list  
15 created by the Controller pursuant to Section ~~53898.5~~ 53898.

16 ~~SEC. 3.~~

17 *SEC. 6.* Section 56042 is added to the Government Code, to  
18 read:

19 56042. "Inactive district" means a *special* district that meets  
20 all of the following:

21 (a) The special district has had no financial transactions in the  
22 previous fiscal year.

23 (b) The special district has no assets.

24 (c) The special district has no fund equity.

25 (d) The special district has no outstanding debts, judgments,  
26 litigation, contracts, liens, claims, or postemployment liabilities.

27 ~~SEC. 4.~~

28 *SEC. 7.* Article 6 (commencing with Section ~~58879~~) 56879)  
29 is added to Chapter 5 of Part 3 of Division 3 of Title 5 of the  
30 Government Code, to read:

31  
32 Article 6. Idle and Inactive Special Districts

33  
34 56879. (a) The commission shall dissolve inactive districts.  
35 The commission shall hold one public hearing on the dissolution  
36 of an inactive district pursuant to this section. The dissolution of  
37 an inactive district shall not be subject to ~~either~~ *any* of the  
38 following:

39 (1) Protest proceedings, as defined in Section 56069.5.

40 (2) A report pursuant to Section 56665.



1 (3) Determinations pursuant to subdivision (b) of Section 56881.  
 2 (4) Requirements for commission-initiated changes of  
 3 organization described in paragraph (3) of subdivision (a) of  
 4 Section 56375.

5 (b) An inactive district may not object to a proceeding pursuant  
 6 to this section.

7 56879.5. (a) The commission shall initiate proceedings to  
 8 dissolve an idle district identified by the Controller pursuant to  
 9 Section ~~53898.5~~ 53898 if the special district remains on that list  
 10 after two audits are submitted pursuant to that section. for two  
 11 years.

12 (b) ~~The commission shall initiate proceedings to dissolve an~~  
 13 ~~idle district that has not submitted a statement of purpose within~~  
 14 ~~180 days pursuant to paragraph (2) of subdivision (b) of Section~~  
 15 ~~53898.5.~~

16 (c)

17 (b) If the commission determines that, based upon the  
 18 information contained in a statement of purpose submitted pursuant  
 19 to paragraph (2) of subdivision (b) of Section ~~53898.5~~, 53898,  
 20 there is sufficient grounds to initiate a dissolution, reorganization,  
 21 or consolidation, the commission may utilize the statement of  
 22 purpose to initiate the process. Failure to submit a statement of  
 23 purpose shall be sufficient grounds to initiate a dissolution,  
 24 reorganization, or consolidation.

25 (d)

26 (c) An idle district may not object to dissolution pursuant to this  
 27 section.

28 ~~SEC. 5.~~

29 SEC. 8. Section 2611.6 of the Revenue and Taxation Code is  
 30 amended to read:

31 2611.6. The following information shall be included in each  
 32 county tax bill, whether mailed or electronically transmitted, or in  
 33 a separate statement accompanying the bill:

34 (a) The full value of locally assessed property, including  
 35 assessments made for irrigation district purposes in accordance  
 36 with Section 26625.1 of the Water Code.

37 (b) The tax rate required by Article XIII A of the California  
 38 Constitution.

39 (c) The rate or dollar amount of taxes levied in excess of the  
 40 1-percent limitation to pay for voter-approved indebtedness

1 incurred before July 1, 1978, or bonded indebtedness for the  
2 acquisition or improvement of real property approved by two-thirds  
3 of the voters on or after June 4, 1986.

4 (d) The amount of any special taxes and special assessments  
5 levied.

6 (e) The amount of any tax rate reduction pursuant to Section  
7 96.8, with the notation: “Tax reduction by (name of jurisdiction).”

8 (f) The amount of any exemptions. Exemptions reimbursable  
9 by the state shall be shown separately.

10 (g) The total taxes due and payable on the property covered by  
11 the bill.

12 (h) Instructions on tendering payment, including the name and  
13 mailing address of the tax collector.

14 (i) The billing of any special purpose parcel tax as required by  
15 paragraph (2) of subdivision (b) of Section 53087.4 of the  
16 Government Code, or any successor to that paragraph.

17 (j) A list of all services provided by a city, county, special  
18 district, or school district that are funded by the general ad valorem  
19 property tax and any special taxes or special assessments levied.

20 (k) Information specifying all of the following:

21 (1) That if the taxpayer disagrees with the assessed value as  
22 shown on the tax bill, the taxpayer has the right to an informal  
23 assessment review by contacting the assessor’s office.

24 (2) That if the taxpayer and the assessor are unable to agree on  
25 a proper assessed value pursuant to an informal assessment review,  
26 the taxpayer has the right to file an application for reduction in  
27 assessment for the following year with the county board of  
28 equalization or the assessment appeals board, as applicable, and  
29 the time period during which the application will be accepted.

30 (3) The address of the clerk of the county board of equalization  
31 or the assessment appeals board, as applicable, at which forms for  
32 an application for reduction in assessment may be obtained.

33 (4) That if an informal or formal assessment review is requested,  
34 relief from penalties shall apply only to the difference between the  
35 county assessor’s final determination of value and the value on  
36 the assessment roll for the fiscal year covered.

37 ~~SEC. 6.~~

38 *SEC. 9.* No reimbursement is required by this act pursuant to  
39 Section 6 of Article XIII B of the California Constitution for certain  
40 costs that may be incurred by a local agency or school district

1 because, in that regard, this act creates a new crime or infraction,  
2 eliminates a crime or infraction, or changes the penalty for a crime  
3 or infraction, within the meaning of Section 17556 of the  
4 Government Code, or changes the definition of a crime within the  
5 meaning of Section 6 of Article XIII B of the California  
6 Constitution.  
7 However, if the Commission on State Mandates determines that  
8 this act contains other costs mandated by the state, reimbursement  
9 to local agencies and school districts for those costs shall be made  
10 pursuant to Part 7 (commencing with Section 17500) of Division  
11 4 of Title 2 of the Government Code.

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**ASSEMBLY BILL**

**No. 1725**

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**Introduced by Committee on Local Government**

March 20, 2017

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An act to amend Section 56383 of the Government Code, relating to local government.

LEGISLATIVE COUNSEL'S DIGEST

AB 1725, as introduced, Committee on Local Government. Local agency formation commission: fees.

The Cortese-Knox-Hertzberg Local Government Reorganization Act of 2000, among other things, authorizes a local agency formation commission to establish a schedule of fees and a schedule of service charges for proceedings taken pursuant to the act, as specified.

This bill would revise that provision to authorize a local agency formation commission to establish a schedule of fees and a schedule of service charges pursuant to the act.

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

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

- 1 SECTION 1. Section 56383 of the Government Code is  
2 amended to read:  
3 56383. (a) The commission may establish a schedule of fees  
4 and a schedule of service charges ~~for the proceedings taken~~  
5 pursuant to this division, including, but not limited to, all of the  
6 following:  
7 (1) Filing and processing applications filed with the commission.



- 1 (2) Proceedings undertaken by the commission and any  
2 reorganization committee.
- 3 (3) Amending or updating a sphere of influence.
- 4 (4) Reconsidering a resolution making determinations.
- 5 (b) The fees shall not exceed the estimated reasonable cost of  
6 providing the service for which the fee is charged and shall be  
7 imposed pursuant to Section 66016. The service charges shall not  
8 exceed the cost of providing the service for which the service  
9 charge is charged and shall be imposed pursuant to Section 66016.
- 10 (c) The commission may require that an applicant deposit some  
11 or all of the required amount that will be owed with the executive  
12 officer before any further action is taken. The deposit shall be  
13 made within the time period specified by the commission. No  
14 application shall be deemed filed until the applicant deposits the  
15 required amount with the executive officer. The executive officer  
16 shall provide the applicant with an accounting of all costs charged  
17 against the deposited amount. If the costs are less than the deposited  
18 amount, the executive officer shall refund the balance to the  
19 applicant after the executive officer verifies the completion of all  
20 proceedings. If the costs exceed the deposited amount, the applicant  
21 shall pay the difference prior to the completion of all proceedings.
- 22 (d) The commission may reduce or waive a fee, service charge,  
23 or deposit if it finds that payment would be detrimental to the  
24 public interest. The reduction or waiver of any fee, service charge,  
25 or deposit is limited to the costs incurred by the commission in  
26 the proceedings of an application.
- 27 (e) Any mandatory time limits for commission action may be  
28 deferred until the applicant pays the required fee, service charge,  
29 or deposit.
- 30 (f) The signatures on a petition submitted to the commission by  
31 registered voters shall be verified by the elections official of the  
32 county and the costs of verification shall be provided for in the  
33 same manner and by the same agencies which bear the costs of  
34 verifying signatures for an initiative petition in the same county.
- 35 (g) For incorporation proceedings that have been initiated by  
36 the filing of a sufficient number of voter signatures on petitions  
37 that have been verified by the county registrar of voters, the  
38 commission may, upon the receipt of a certification by the  
39 proponents that they are unable to raise sufficient funds to  
40 reimburse fees, service charges, or deposits for the proceedings,



1 take no action on the proposal and request a loan from the General  
2 Fund of an amount sufficient to cover those expenses subject to  
3 availability of an appropriation for those purposes and in  
4 accordance with any provisions of the appropriation. Repayment  
5 of the loan shall be made a condition of approval of the  
6 incorporation, if successful, and shall become an obligation of the  
7 newly formed city. Repayment shall be made within two years of  
8 the effective date of incorporation. If the proposal is denied by the  
9 commission or defeated at an election, the loan shall be forgiven.

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AMENDED IN ASSEMBLY MARCH 14, 2017

CALIFORNIA LEGISLATURE—2017–18 REGULAR SESSION

**ASSEMBLY BILL**

**No. 464**

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**Introduced by Assembly Member Gallagher**  
**(Principal coauthor: Assembly Member Mayes)**  
**(Coauthors: Assembly Members Mathis, Voepel, and Waldron)**  
*(Coauthors: Senators Dodd and Nielsen)*

February 13, 2017

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An act to amend ~~Section~~ *Sections 56653 and 56857* of the Government Code, relating to local government.

LEGISLATIVE COUNSEL'S DIGEST

AB 464, as amended, Gallagher. Local government reorganization.

The Cortese-Knox-Hertzberg Local Government Reorganization Act of 2000, among other things, establishes procedures for consideration of a proposal for change of organization or reorganization, as defined. Existing law requires that an applicant seeking a change of organization or reorganization submit a plan for providing services within the affected territory that includes, among other requirements, an enumeration and description of the services to be extended to the affected territory and an indication of when those services can feasibly be extended.

This bill would specify that the plan is required to also include specific information regarding services currently provided to the affected territory, as applicable, and make related changes.

*The Cortese-Knox-Hertzberg Local Government Reorganization Act of 2000 authorizes any district to which annexation of territory is proposed to adopt and transmit to the local agency formation commission a resolution requesting termination of proceedings, as specified, and requires the resolution to be based upon written findings*

*supported by substantial evidence in the record that the request is justified by a financial or service-related concern.*

*This bill would require the resolution to be based upon written findings supported by substantial evidence in the record that the request is justified as described above or because the territory is already receiving electrical service under a service area agreement approved by the Public Utilities Commission, as specified. The bill would require findings related to existing provision of electrical service by an irrigation district pursuant to a service area agreement approved under a specified provision to be based on the records of the district and the Public Utilities Commission, as provided.*

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

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

- 1 SECTION 1. Section 56653 of the Government Code, as  
2 amended by Section 2 of Chapter 784 of the Statutes of 2014, is  
3 amended to read:  
4 56653. (a) If a proposal for a change of organization or  
5 reorganization is submitted pursuant to this part, the applicant shall  
6 submit a plan for providing services within the affected territory.  
7 (b) The plan for providing services shall include all of the  
8 following information and any additional information required by  
9 the commission or the executive officer:  
10 (1) An enumeration and description of the services currently  
11 provided or to be extended to the affected territory.  
12 (2) The level and range of those services.  
13 (3) An indication of when those services can feasibly be  
14 extended to the affected territory, if new services are ~~provided.~~  
15 *proposed.*  
16 (4) An indication of any improvement or upgrading of structures,  
17 roads, sewer or water facilities, or other conditions the local agency  
18 would impose or require within the affected territory if the change  
19 of organization or reorganization is completed.  
20 (5) Information with respect to how those services will be  
21 financed.  
22 (c) (1) In the case of a change of organization or reorganization  
23 initiated by a local agency that includes a disadvantaged,  
24 unincorporated community as defined in Section 56033.5, a local



1 agency may include in its resolution of application for change of  
2 organization or reorganization an annexation development plan  
3 adopted pursuant to Section 99.3 of the Revenue and Taxation  
4 Code to improve or upgrade structures, roads, sewer or water  
5 facilities, or other infrastructure to serve the disadvantaged,  
6 unincorporated community through the formation of a special  
7 district or reorganization of one or more existing special districts  
8 with the consent of each special district's governing body.

9 (2) The annexation development plan submitted pursuant to this  
10 subdivision shall include information that demonstrates that the  
11 formation or reorganization of the special district will provide all  
12 of the following:

13 (A) The necessary financial resources to improve or upgrade  
14 structures, roads, sewer, or water facilities or other infrastructure.  
15 The annexation development plan shall also clarify the local entity  
16 that shall be responsible for the delivery and maintenance of the  
17 services identified in the application.

18 (B) An estimated timeframe for constructing and delivering the  
19 services identified in the application.

20 (C) The governance, oversight, and long-term maintenance of  
21 the services identified in the application after the initial costs are  
22 recouped and the tax increment financing terminates.

23 (3) If a local agency includes an annexation development plan  
24 pursuant to this subdivision, a local agency formation commission  
25 may approve the proposal for a change of organization or  
26 reorganization to include the formation of a special district or  
27 reorganization of a special district with the special district's  
28 consent, including, but not limited to, a community services district,  
29 municipal water district, or sanitary district, to provide financing  
30 to improve or upgrade structures, roads, sewer or water facilities,  
31 or other infrastructure to serve the disadvantaged, unincorporated  
32 community, in conformity with the requirements of the principal  
33 act of the district proposed to be formed and all required formation  
34 proceedings.

35 (4) Pursuant to Section 56881, the commission shall include in  
36 its resolution making determinations a description of the annexation  
37 development plan, including, but not limited to, an explanation of  
38 the proposed financing mechanism adopted pursuant to Section  
39 99.3 of the Revenue and Taxation Code, including, but not limited

1 to, any planned debt issuance associated with that annexation  
2 development plan.

3 (d) This section shall not preclude a local agency formation  
4 commission from considering any other options or exercising its  
5 powers under Section 56375.

6 (e) This section shall remain in effect only until January 1, 2025,  
7 and as of that date is repealed.

8 SEC. 2. Section 56653 of the Government Code, as added by  
9 Section 3 of Chapter 784 of the Statutes of 2014, is amended to  
10 read:

11 56653. (a) If a proposal for a change of organization or  
12 reorganization is submitted pursuant to this part, the applicant shall  
13 submit a plan for providing services within the affected territory.

14 (b) The plan for providing services shall include all of the  
15 following information and any additional information required by  
16 the commission or the executive officer:

17 (1) An enumeration and description of the services currently  
18 provided or to be extended to the affected territory.

19 (2) The level and range of those services.

20 (3) An indication of when those services can feasibly be  
21 extended to the affected territory, if new services are proposed.

22 (4) An indication of any improvement or upgrading of structures,  
23 roads, sewer or water facilities, or other conditions the local agency  
24 would impose or require within the affected territory if the change  
25 of organization or reorganization is completed.

26 (5) Information with respect to how those services will be  
27 financed.

28 (c) This section shall become operative on January 1, 2025.

29 SEC. 3. Section 56857 of the Government Code is amended to  
30 read:

31 56857. (a) Upon receipt by the commission of a proposed  
32 change of organization or reorganization that includes the  
33 annexation of territory to any district, if the proposal is not filed  
34 by the district to which annexation of territory is proposed, the  
35 executive officer shall place the proposal on the agenda for the  
36 next commission meeting for information purposes only and shall  
37 transmit a copy of the proposal to any district to which an  
38 annexation of territory is requested.

39 (b) No later than 60 days after the date that the proposal is on  
40 the commission's meeting agenda in accordance with subdivision



1 (a), any district to which annexation of territory is proposed may  
2 adopt and transmit to the commission a resolution requesting  
3 termination of the proceedings. The resolution requesting  
4 termination of the proceedings shall be based upon written findings  
5 supported by substantial evidence in the record that the request is  
6 justified by a financial or service related ~~concern~~ *concern or*  
7 *because the territory is already receiving electrical service under*  
8 *a service area agreement approved by the Public Utilities*  
9 *Commission pursuant to Section 9608 of the Public Utilities Code.*

10 Prior to the commission's termination of proceedings pursuant to  
11 subdivision (c), the resolution is subject to judicial review.

12 (c) If any district to which annexation of territory is proposed  
13 has adopted and transmitted to the commission a resolution  
14 requesting termination of proceedings within the time period  
15 prescribed by, and in accordance with, subdivision (b), and if the  
16 commission has not been served with notice that judicial review  
17 of that resolution is being sought pursuant to subdivision (b), then  
18 the commission shall terminate the proceedings no sooner than 30  
19 days from receipt of the resolution from the district.

20 (d) For purposes of an annexation to a district pursuant to this  
21 section or Section 56668.3:

22 (1) "Financial concerns" means that the proposed uses within  
23 the territory proposed to be annexed do not have the capacity to  
24 provide sufficient taxes, fees, and charges, including connection  
25 fees, if any, to pay for the full cost of providing services, including  
26 capital costs. Cost allocation shall be based on generally accepted  
27 accounting principles and shall be subject to all constitutional and  
28 statutory limitations on the amount of the tax, fee, or charge.

29 (2) "Service concerns" means that a district will not have the  
30 ability to provide the services that are the subject of the application  
31 to the territory proposed to be annexed without imposing level of  
32 service reductions on existing and planned future uses in the  
33 district's current service area. "Service concerns" does not include  
34 a situation when a district has the ability to provide the services  
35 or the services will be available prior to the time that services will  
36 be required.

37 (3) "*Territory already receiving electrical service under a*  
38 *service area agreement approved by the Public Utilities*  
39 *Commission pursuant to Section 9608 of the Public Utilities Code"*  
40 *means territory that is outside the boundaries of an irrigation*



1 *district but is currently receiving electrical services from the*  
2 *irrigation district pursuant to a service area agreement between*  
3 *the district and a public utility approved by the Public Utilities*  
4 *Commission as authorized by Sections 8101 to 8108, inclusive,*  
5 *and 9608 of the Public Utilities Code.*

6 ~~(3)~~

7 (4) A district may make findings regarding financial or service  
8 concerns based on information provided in the application and any  
9 additional information provided to the district by the commission  
10 or the applicant that is relevant to determining the adequacy of  
11 existing and planned future services to meet the probable future  
12 needs of the territory. Findings related to service or financial  
13 concerns may be based on an urban water management plan, capital  
14 improvement plan, financial statement, comprehensive annual  
15 financial report, integrated resource management plan, or other  
16 information related to the ability of a district to provide services.  
17 *Findings related to existing provision of electrical service by an*  
18 *irrigation district pursuant to a service area agreement approved*  
19 *under Section 9608 of the Public Utilities Code shall be based on*  
20 *the records of the district and the Public Utilities Commission*  
21 *evidencing approval of such a service area agreement by the Public*  
22 *Utilities Commission.*

23 ~~(4)~~

24 (5) Nothing in this section shall be construed to create a right  
25 or entitlement to water service or any specific level of water  
26 service.

27 ~~(5)~~

28 (6) Nothing in this section is intended to change existing law  
29 concerning a district's obligation to provide water service to its  
30 existing customers or to any potential future customers.

31 (e) This section shall not apply if all districts to which  
32 annexation of territory is proposed have adopted and transmitted  
33 to the commission a resolution supporting the proposed change of  
34 organization or reorganization.

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AMENDED IN ASSEMBLY APRIL 6, 2017

AMENDED IN ASSEMBLY APRIL 4, 2017

CALIFORNIA LEGISLATURE—2017–18 REGULAR SESSION

**ASSEMBLY BILL**

**No. 979**

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**Introduced by Assembly Member Lackey**

February 16, 2017

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An act to amend Sections 56332 and 56332.5 of the Government Code, relating to local government.

LEGISLATIVE COUNSEL'S DIGEST

AB 979, as amended, Lackey. Local agency formation commissions: district representation.

Existing law, the Cortese-Knox-Hertzberg Local Government Reorganization Act of 2000, provides for the selection of representatives of independent special districts on each local agency formation commission by an independent special district selection committee pursuant to a nomination and election process. Existing law requires the executive officer of the commission to call and hold a meeting of the special district selection committee upon, among other things, receipt of a written request by one or more members of the selection committee, as specified.

Existing law dissolves redevelopment agencies and community development agencies, as of February 1, 2012, and designates successor agencies, as defined. Existing law requires each successor agency to have an oversight board that is composed of 7 members who meet certain qualifications, including one member appointed by the independent special district selection committee.

This bill would additionally require the executive officer to call and hold a meeting of the special district selection committee upon receipt of a written request by one or more members of the selection committee notifying the executive officer of a pending vacancy for the member representing independent special districts on an oversight board. By increasing the duties of the executive officer, this bill would impose a state-mandated local program.

Existing law requires the selection committee to appoint 2 regular members and one alternate member to the commission and provides that service on the commission by a regular district member does not disqualify, and is not cause for disqualification of, the member from acting on proposals affecting the special district on whose legislative body the member serves.

This bill would provide that those provisions additionally apply to an alternate member.

Existing law requires the commission, if it does not have representation from independent special districts on January 1, 2001, to initiate proceedings for representation of those districts upon the commission if requested by independent special districts, and specifies the procedures for those proceedings.

This bill would revise the procedures for special district representatives to initiate those proceedings, and would authorize the commission to combine proceedings for appointing a member representing independent special districts on an oversight board pursuant to those proceedings, as specified.

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

This bill would provide that no reimbursement is required by this act for a specified reason.

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

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

1 SECTION 1. Section 56332 of the Government Code is  
2 amended to read:  
3 56332. (a) The independent special district selection committee  
4 shall consist of the presiding officer of the legislative body of each  
5 independent special district. However, if the presiding officer of



1 an independent special district is unable to participate in a meeting  
2 or election of the independent special district selection committee,  
3 the legislative body of the district may appoint one of its members  
4 as an alternate to participate in the selection committee in the  
5 presiding officer's place. Those districts shall include districts  
6 located wholly within the county and those containing territory  
7 within the county representing 50 percent or more of the assessed  
8 value of taxable property of the district, as shown on the last  
9 equalized county assessment roll. Each member of the committee  
10 shall be entitled to one vote for each independent special district  
11 of which he or she is the presiding officer or his or her alternate  
12 as designated by the governing body. Members representing a  
13 majority of the eligible districts shall constitute a quorum.

14 (b) The executive officer shall call and give written notice of  
15 all meetings of the members of the selection committee. A meeting  
16 shall be called and held under one of the following circumstances:

17 (1) Whenever the executive officer anticipates that a vacancy  
18 will occur within the next 90 days among the members or alternate  
19 member representing independent special districts on the  
20 commission.

21 (2) Whenever a vacancy exists among the members or alternate  
22 member representing independent special districts upon the  
23 commission.

24 (3) Upon receipt of a written request by one or more members  
25 of the selection committee representing districts having 10 percent  
26 or more of the assessed value of taxable property within the county,  
27 as shown on the last equalized county assessment roll.

28 (4) Upon receipt of a written request by one or more members  
29 of the selection committee notifying the executive officer of a  
30 pending vacancy for the member representing independent special  
31 districts on an oversight board pursuant to paragraph (3) of  
32 subdivision (j) of Section 34179 of the Health and Safety Code.

33 (c) The selection committee shall appoint two regular members  
34 and one alternate member to the commission. The members so  
35 appointed shall be elected or appointed members of the legislative  
36 body of an independent special district residing within the county  
37 but shall not be members of the legislative body of a city or county.  
38 If one of the regular district members is absent from a commission  
39 meeting or disqualifies himself or herself from participating in a  
40 meeting, the alternate district member may serve and vote in place

1 of the regular district member for that meeting. Service on the  
2 commission by a district member shall not disqualify, or be cause  
3 for disqualification of, the member from acting on proposals  
4 affecting the special district on whose legislative body the member  
5 serves. The special district selection committee may, at the time  
6 it appoints a member or alternate, provide that the member or  
7 alternate is disqualified from voting on proposals affecting the  
8 district on whose legislative body the member serves.

9 (d) If the office of a regular district member becomes vacant,  
10 the alternate member may serve and vote in place of the former  
11 regular district member until the appointment and qualification of  
12 a regular district member to fill the vacancy.

13 (e) A majority of the independent special district selection  
14 committee may determine to conduct the committee's business by  
15 mail, including holding all elections by mailed ballot, pursuant to  
16 subdivision (f).

17 (f) If the independent special district selection committee has  
18 determined to conduct the committee's business by mail or if the  
19 executive officer determines that a meeting of the special district  
20 selection committee is not feasible, the executive officer shall  
21 conduct the business of the committee by mail. Elections by mail  
22 shall be conducted as provided in this subdivision.

23 (1) The executive officer shall prepare and deliver a call for  
24 nominations to each eligible district. The presiding officer, or his  
25 or her alternate as designated by the governing body, may respond  
26 in writing by the date specified in the call for nominations, which  
27 date shall be at least 30 days from the date on which the executive  
28 officer mailed the call for nominations to the eligible district.

29 (2) At the end of the nominating period, if only one candidate  
30 is nominated for a vacant seat, that candidate shall be deemed  
31 appointed. If two or more candidates are nominated, the executive  
32 officer shall prepare and deliver one ballot and voting instructions  
33 to each eligible district. The ballot shall include the names of all  
34 nominees and the office for which each was nominated. Each  
35 presiding officer, or his or her alternate as designated by the  
36 governing body, shall return the ballot to the executive officer by  
37 the date specified in the voting instructions, which date shall be  
38 at least 30 days from the date on which the executive officer mailed  
39 the ballot to the eligible district.



1 (3) The call for nominations, ballots, and voting instructions  
2 shall be delivered by certified mail to each eligible district. As an  
3 alternative to the delivery by certified mail, the executive officer,  
4 with prior concurrence of the presiding officer or his or her  
5 alternate as designated by the governing body, may transmit  
6 materials by electronic mail.

7 (4) If the executive officer has transmitted the call for  
8 nominations or ballots by electronic mail, the presiding officer, or  
9 his or her alternate as designated by the governing body, may  
10 respond to the executive officer by electronic mail.

11 (5) Each returned nomination and ballot shall be signed by the  
12 presiding officer or his or her alternate as designated by the  
13 governing body of the eligible district.

14 (6) For an election to be valid, at least a quorum of the special  
15 districts must submit valid ballots. The candidate receiving the  
16 most votes shall be elected, unless another procedure has been  
17 adopted by the selection committee. Any nomination and ballot  
18 received by the executive officer after the date specified is invalid,  
19 provided, however, that if a quorum of ballots is not received by  
20 that date, the executive officer shall extend the date to submit  
21 ballots by 60 days and notify all districts of the extension. The  
22 executive officer shall announce the results of the election within  
23 seven days of the date specified.

24 (7) All election materials shall be retained by the executive  
25 officer for a period of at least six months after the announcement  
26 of the election results.

27 (g) For purposes of this section, “executive officer” means the  
28 executive officer or designee as authorized by the commission.

29 SEC. 2. Section 56332.5 of the Government Code is amended  
30 to read:

31 56332.5. (a) If the commission does not have representation  
32 from independent special districts on or before January 1, 2001,  
33 the commission shall initiate proceedings for representation of  
34 independent special districts upon the commission if requested by  
35 independent special districts pursuant to this section.

36 (b) Upon receipt of a written request by one or more members  
37 of the selection committee representing districts having 10 percent  
38 or more of the assessed value of taxable property within the county,  
39 as shown on the last equalized county assessment roll, the  
40 commission, at its next regular meeting, shall adopt a resolution



1 of intention. The resolution of intention shall state whether the  
2 proceedings are initiated by the commission or by an independent  
3 special district or districts, in which case, the names of those  
4 districts shall be set forth. The commission shall order the executive  
5 officer to call and give notice of a meeting of the independent  
6 special district selection committee to be held within 15 days after  
7 the adoption of the resolution in order to determine whether  
8 independent special districts shall accept representation on the  
9 commission and appoint independent special district representation  
10 on the commission pursuant to Section 56332.

11 (c) In conjunction with the independent special district selection  
12 committee appointment to an oversight board pursuant to paragraph  
13 (3) of subdivision (j) of Section 34179 of the Health and Safety  
14 Code, the commission may adopt a resolution of intention. The  
15 resolution of intention shall state the proceedings are initiated by  
16 the commission to occur in conjunction with the independent  
17 special district selection committee appointment to a an oversight  
18 board pursuant to paragraph (3) of subdivision (j) of Section 34179  
19 of the Health and Safety Code. The commission shall order the  
20 executive officer to call and give notice of a meeting of the  
21 independent special district selection committee within 15 days  
22 after the adoption of the resolution to determine all of the  
23 following:

24 (1) Whether independent special districts shall accept  
25 representation on the commission.

26 (2) The appointment of independent special district  
27 representation on the commission pursuant to Section 56332.

28 (3) The appointment of independent special district  
29 representation on a countywide redevelopment agency oversight  
30 board pursuant to paragraph (3) of subdivision (j) of Section 34179  
31 of the Health and Safety ~~Code~~ Code.

32 (d) *The executive officer shall announce an appointment of*  
33 *independent special district representation on the commission*  
34 *made pursuant to this section within seven days of the date of the*  
35 *appointment.*

36 (e) *All materials related to independent special district*  
37 *representation on the commission shall be retained by the executive*  
38 *officer for a period of at least six months after the announcement*  
39 *of the appointment.*

40 (d)

1 (f) Notwithstanding other law, if the independent special district  
2 selection committee establishes a quorum and rejects independent  
3 special district representation upon the commission, the  
4 commission shall not reinitiate proceedings for representation of  
5 independent special districts upon the commission for one year.

6 (g) *For purposes of this section, "executive officer" means the*  
7 *executive officer or designee as authorized by the commission.*

8 SEC. 3. No reimbursement is required by this act pursuant to  
9 Section 6 of Article XIII B of the California Constitution because  
10 a local agency or school district has the authority to levy service  
11 charges, fees, or assessments sufficient to pay for the program or  
12 level of service mandated by this act, within the meaning of Section  
13 17556 of the Government Code.

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**Introduced by Senator Dodd**  
(Principal coauthor: Assembly Member Grayson)  
(Coauthor: Assembly Member Frazier)

February 14, 2017

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An act to add Section 5506.13 to the Public Resources Code, relating to parks.

LEGISLATIVE COUNSEL'S DIGEST

SB 365, as introduced, Dodd. Regional park and open-space districts: County of Solano.

Existing law authorizes proceedings for the formation of a regional park and open-space or regional open-space district in specified counties in the state to be initiated by resolution of the county board of supervisors adopted after a noticed hearing, and specifies the contents of the resolution.

This bill, in addition, would authorize the formation of a regional district in the County of Solano to be initiated by resolution of the county board of supervisors after a noticed hearing. The bill would specify the contents of the resolution, including the calling of an election, as prescribed.

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

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

- 1 SECTION 1. (a) There is increasing interest in preserving the
- 2 natural and open-space areas of the County of Solano and in
- 3 creating opportunities for public access to these areas for hiking
- 4 and other recreational activities.

1 (b) Formation of a regional park and open-space district or  
2 regional open-space district in the County of Solano is critically  
3 needed to help address the unresolved needs in the Solano County  
4 area with respect to the preservation of open-space and natural  
5 areas and the enhancement of regional parks and recreation  
6 facilities, including regional trail connections to the greater San  
7 Francisco Bay area.

8 SEC. 2. Section 5506.13 is added to the Public Resources Code,  
9 to read:

10 5506.13. (a) A proceeding for the formation of a regional  
11 district in the County of Solano may be initiated by resolution of  
12 the Board of Supervisors of the County of Solano, adopted after  
13 a hearing noticed in accordance with Section 6064 of the  
14 Government Code, in lieu of the petition and related proceedings  
15 specified in this article.

16 (b) The resolution shall do all of the following:

17 (1) Name the proposed regional district and state the reasons  
18 for forming it.

19 (2) Specify that the Board of Supervisors of the County of  
20 Solano shall act, ex officio, as the governing body for the regional  
21 district, except as provided in paragraph (8). The provisions of this  
22 article pertaining to district directors do not apply, and all powers  
23 and authority of the regional district shall be vested in the board  
24 of supervisors in its capacity as the governing body of the regional  
25 district, unless a separate board is elected pursuant to paragraph  
26 (8).

27 (3) Describe the territory to be included in the regional district.

28 (4) Describe the methods by which the regional district will be  
29 financed.

30 (5) Specify that the district shall not have, and may not exercise,  
31 the power of eminent domain pursuant to Section 5542 or any  
32 other law.

33 (6) (A) Call and give notice of an election to be held in the  
34 proposed regional district for the purpose of determining whether  
35 the regional district shall be formed. The election shall be  
36 consolidated with a statewide election or any election conducted  
37 throughout the County of Solano.

38 (B) Notwithstanding Section 5518, the County Counsel of the  
39 County of Solano shall prepare the language in the ballot label.  
40 The proposition shall specify the matters set forth in the resolution,



1 except for subparagraph (A). The analysis and review of the  
2 measure shall be carried out pursuant to Section 9160 of the  
3 Elections Code.

4 (7) Include any other matters necessary to the formation of the  
5 proposed regional district.

6 (8) Specify all of the following:

7 (A) No sooner than 10 years after formation of the regional  
8 district, the directors may, after holding a hearing, adopt a  
9 resolution placing the question of having an elected board of  
10 directors pursuant to Section 5527 on the ballot. Notice of the  
11 hearing on the resolution, specifying the time and place, shall be  
12 published at least once in a newspaper of general circulation in  
13 the district.

14 (B) If a majority of the voters voting upon the question are in  
15 favor, the regional district shall have an elected board of directors,  
16 with boundaries of the proposed wards or subdistricts being drawn  
17 pursuant to Section 5515. At the election, the voters shall also elect  
18 members to the regional district's board of directors. Those persons  
19 shall take office only if a majority of the voters voting upon the  
20 question of having an elected board of directors are in favor of the  
21 question.

22 (C) If the question is submitted to the voters at a general district  
23 election, the notice required by Section 12112 of the Elections  
24 Code shall contain a statement of the question to appear on the  
25 ballot. If the question is submitted to the voters at a special election,  
26 the notice of election and ballot shall contain a statement of the  
27 question.

28 (c) The resolution calling the election may provide for a single  
29 ballot measure or separate ballot measures on the question of  
30 formation, establishment of an appropriations limit authorized by  
31 Section 4 of Article XIII B of the California Constitution, the  
32 authority to tax pursuant to Section 5566, and the authority to sell  
33 bonds pursuant to Section 5568, or any combination of those  
34 questions.

35 (d) (1) The formation of the regional district is not subject to  
36 Section 5517.1 or to the Cortese-Knox-Hertzberg Local  
37 Government Reorganization Act of 2000 (Division 3 (commencing  
38 with Section 56000) of Title 5 of the Government Code).

39 (2) The district shall be formed if a majority of voters voting  
40 on the proposition vote in favor of formation of the regional district.

- 1 (e) If the regional district is created and established in the
- 2 County of Solano, officers and employees of the County of Solano
- 3 may act, ex officio or under contract, as officers and employees
- 4 of the regional district and may discharge the authority and
- 5 responsibility specified in the article.
- 6 (f) The County of Solano may provide the services and facilities
- 7 needed to carry out the functions of the district. Proceeds of taxes
- 8 levied by the district pursuant to Section 5566 may be used to
- 9 reimburse the County of Solano for the actual costs of these
- 10 services and facilities.

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AMENDED IN SENATE APRIL 19, 2017

**SENATE BILL**

**No. 634**

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**Introduced by Senator Wilk**

February 17, 2017

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An act to repeal the Castaic Lake Water Agency Law (Chapter 28 of the First Extraordinary Session of the Statutes of 1962), and to create the Santa Clarita Valley Water District, and prescribing its boundaries, organization, operation, management, financing, and other powers and duties, relating to water districts.

LEGISLATIVE COUNSEL'S DIGEST

SB 634, as amended, Wilk. Santa Clarita Valley Water District.

Existing law, the Castaic Lake Water Agency Law, created the Castaic Lake Water Agency and authorizes the agency to acquire water and water rights, including water from the State Water Project, and to provide, sell, and deliver water at wholesale for municipal, industrial, domestic, and other purposes.

This bill would repeal the Castaic Lake Water Agency Law.

Existing law, the County Water District Law, authorizes the formation of county water districts and authorizes those districts to appropriate, acquire, and conserve water and water rights for any useful purpose and to operate water rights, works, properties, rights, and privileges useful or necessary to convey, supply, store, or make use of water for any purpose authorized by that law.

This bill would reorganize the Newhall County Water District and the Castaic Lake Water Agency into the Santa Clarita Valley Water District, which this bill would create, and prohibit the Castaic Lake Water Agency and the Newhall County Water District from operating as separate entities or exercising independent functions. The bill would



generally specify the powers and purposes, as well as the boundaries, of the Santa Clarita Valley Water District and would provide that the primary purpose of the district includes, but is not limited to, to acquire, hold, and utilize water and water rights, such as from the State Water Project, and is to provide, sell, manage, and deliver surface water, groundwater, and recycled water at retail or wholesale within the district's territory. The bill would prescribe the composition of the board of directors of the district. ~~By imposing duties on the district and a county in connection with the operation of the district, the bill would impose a state-mandated local program.~~

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

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

*Existing law, the Cortese-Knox-Hertzberg Local Government Reorganization Act of 2000 (act), provides the sole and exclusive authority and procedure for the initiation, conduct, and completion of changes of organization and reorganization for cities and districts.*

*This bill would require the district to submit an application for conditions addressing the creation of the district to the Local Agency Formation Commission for the County of Los Angeles, as specified, and require the commission to prepare a written report, which may contain specific conditions to which the district would be subject and which the commission deems appropriate under the act.*

*By imposing duties on the district and a county in connection with the operation of the district, the bill would impose a state-mandated local program.*

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

*This bill would provide that no reimbursement is required by this act for specified reasons.*

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



# **CALAFCO 2017 Legislative Policies**

*As adopted by the Board of Directors on 12 January 2017*

## **1. LAFCo Purpose and Authority**

- 1.1. Support legislation which enhances LAFCo authority and powers to carry out the legislative findings and authority in Government Code §56000 et seq., and oppose legislation which diminishes LAFCo authority.
- 1.2. Support authority for each LAFCo to establish local policies to apply Government Code §56000 et seq. based on local needs and conditions, and oppose any limitations to that authority.
- 1.3. Oppose additional LAFCo responsibilities which require expansion of current local funding sources. Oppose unrelated responsibilities which dilute LAFCo ability to meet its primary mission.
- 1.4. Support alignment of responsibilities and authority of LAFCo and regional agencies which may have overlapping responsibilities in orderly growth, preservation, and service delivery, and oppose legislation or policies which create conflicts or hamper those responsibilities.
- 1.5. Oppose grants of special status to any individual agency or proposal to circumvent the LAFCo process.
- 1.6. Support individual commissioner responsibility that allows each commissioner to independently vote his or her conscience on issues affecting his or her own jurisdiction.

## **2. LAFCo Organization**

- 2.1. Support the independence of LAFCo from local agencies.
- 2.2. Oppose the re-composition of any LAFCo to create special seats and recognize the importance of balanced representation provided by cities, the county, the public, and special districts in advancing the public interest.
- 2.3. Support representation of special districts on all LAFCos in counties with independent districts and oppose removal of special districts from any LAFCo.
- 2.4. Support communication and collaborative decision-making among neighboring LAFCos when growth pressures and multicounty agencies extend beyond a LAFCo's boundaries.

## **3. Agricultural and Open Space Protection**

- 3.1. Support legislation which clarifies LAFCo authority to identify, encourage and ensure the preservation of agricultural and open space lands.
- 3.2. Encourage a consistent definition of agricultural and open space lands.
- 3.3. Support policies which encourage cities, counties and special districts to direct development away from prime agricultural lands.
- 3.4. Support policies and tools which protect prime agricultural and open space lands.
- 3.5. Support the continuance of the Williamson Act and restoration of program funding through State subvention payments.

## **4. Orderly Growth**

- 4.1. Support the recognition and use of spheres of influence as a management tool to provide better planning of growth and development, and to preserve agricultural, and open space lands.



- 4.2. Support recognition of LAFCo spheres of influence by other agencies involved in determining and developing long-term growth and infrastructure plans.
- 4.3. Support orderly boundaries of local agencies and the elimination of islands within the boundaries of agencies.
- 4.4. Support communication among cities, counties, and special districts through a collaborative process that resolves service, housing, land use, and fiscal issues prior to application to LAFCo.
- 4.5. Support cooperation between counties and cities on decisions related to development within the city's designated sphere of influence.

## **5. Service Delivery and Local Agency Effectiveness**

- 5.1. Support the use of LAFCo resources to review Regional Transportation Plans, including sustainable communities strategies and other growth plans to ensure reliable services, orderly growth, sustainable communities, and conformity with LAFCo's legislative mandates. Support efforts that enhance meaningful collaboration between LAFCos and regional planning agencies.
- 5.2. Support LAFCo authority as the preferred method of local governance. Support the availability of LAFCo tools which provide communities with local governance and efficient service delivery options, including the authority to impose conditions that assure a proposal's conformity with LAFCo's legislative mandates.
- 5.3. Support the creation or reorganization of local governments in a deliberative, open process which will fairly evaluate the proposed new or successor agency's long-term financial viability, governance structure and ability to efficiently deliver proposed services.
- 5.4. Support the availability of tools for LAFCo to insure equitable distribution of revenues to local government agencies consistent with their service delivery responsibilities.
- 5.5. Support collaborative efforts among agencies and LAFCos that encourage opportunities for sharing of services, staff and facilities to provide more efficient and cost effective services. Support legislation which provides LAFCo with additional opportunities to encourage shared services.

## **2017 Legislative Priorities**

### **Primary Issues**

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#### **Authority of LAFCo**

Support legislation that maintains or enhances LAFCo's authority to condition proposals to address any or all financial, growth, service delivery, and agricultural and open space preservation issues. Support legislation that maintains or enhances LAFCo's ability to make decisions regarding boundaries and formations, as well as to enact recommendations related to the delivery of services and the agencies providing them, including consolidations, reorganizations or dissolutions.

#### **Agriculture and Open Space Protection**

Support policies, programs and legislation that recognize LAFCo's mission to protect and mitigate the loss of prime agricultural and open space lands and that encourage other agencies to coordinate with local LAFCos on land preservation and orderly growth. Support efforts that encourage the creation of habitat conservation plans.



**Water Availability**

Support policies, programs and legislation that promote an integrated approach to water availability and management. Promote adequate water supplies and infrastructure planning for current and planned growth as well as to support the sustainability of agriculture. Support policies that assist LAFCo in obtaining accurate and reliable water supply information to evaluate current and cumulative water demands for service expansions and boundary changes including impacts of expanding water company service areas on orderly growth, and the impacts of consolidation or dissolution of water companies providing services.

**Viability of Local Services**

Support legislation that maintains or enhances LAFCo's ability to review and act to determine the efficient and sustainable delivery of local services and the financial viability of agencies providing those services to meet current and future needs including those identified in regional planning efforts such as sustainable communities strategies. Support legislation which provides LAFCo and local communities with options for local governance and service delivery to ensure efficient, effective, and quality service delivery. Support efforts which provide tools to local agencies to address aging infrastructure, fiscal challenges and the maintenance of services.

**Issues of Interest**

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**Housing**

Provision of territory and services to support housing plans consistent with regional land use plans and local LAFCo policies.

**Transportation**

Effects of Regional Transportation Plans and expansion of transportation systems on future urban growth and service delivery needs, and the ability of local agencies to provide those services.

**Flood Control**

The ability and effectiveness of local agencies to maintain and improve levees and protect current infrastructure. Carefully consider the value of uninhabited territory, and the impact to public safety of proposed annexation to urban areas of uninhabited territory which is at risk for flooding. Support legislation that includes assessment of agency viability in decisions involving new funds for levee repair and maintenance. Support efforts that encourage the creation of habitat conservation plans.

**Adequate Municipal Services in Inhabited Territory**

Expedited processes for inhabited annexations should be consistent with LAFCo law and be fiscally viable. To promote environmental justice for underserved inhabited communities, funding sources should be identified for extension of municipal services, including options for annexation of contiguous disadvantaged unincorporated communities. Promote the delivery of adequate, sustainable, efficient, and effective levels of service through periodic updates of Municipal Service reviews, Spheres of Influence, and other studies.

# CALAFCO BULLETIN

## Update of Little Hoover Commission and Assembly Local Government Committee Oversight Hearing on Healthcare Districts

March 14, 2017



### Little Hoover Commission

As a follow up to the hearings and workshops held in 2016 (August, October and November) by the Little Hoover Commission (LHC) on special districts and LAFCoS, the LHC staff compiled a draft report for the Commission's consideration and adoption at their February meeting. During the February 23, 2017 business meeting, LHC staff presented a draft report to the Commission. Their staff worked closely with the Commission Chair on their recommendations, which were also shared with CALAFCO (although the draft report was not made public). In summary, they included many of CALAFCO's recommendations identified in our August testimony. For example: (1) The Legislature should curtail a growing practice of introducing and passing bills that override existing LAFCo processes and authority; (2) Streamline the process for LAFCoS to dissolve inactive districts; (3) Consider fixed terms for LAFCo Commissioners (to avoid random removal); (4) Update the principal act for HCDs; and (5) Require HCDs to create community needs assessments, annually report their progress of meeting those needs, and file all reports with LAFCo for inclusion in MSRs.

Several of the LHC Commissioners expressed concern that their staff's recommendations were too "status quo" and they desired something a bit more radical be done. Sentiments ranged from the most radical, which was to suggest putting the livelihood of districts to a vote of the people every ten years, to questioning what the actual problem is that the Commission is trying to solve. Others expressed a belief there are too many special districts, and others believe LAFCoS are not doing enough in terms of oversight and management of many of the districts and therefore another oversight entity needs to be created. Ultimately there was no agreement among the Commission on how to move forward. As a result, the final report was tabled and another hearing is to occur in the fall (no date specified).

Since that meeting, CALAFCO met with LHC staff as well as their Chair and Vice Chair (both meetings were also attended by CSDA). We heard directly the general concerns of the Commission (from the Chair and Vice Chair's perspective), and were afforded the opportunity to clarify facts and data presented in our written testimony. Further it allowed us to share steps CALAFCO is taking proactively to address some of what we identified in our written testimony as opportunities for the future. We were encouraged to reach out directly to the Commissioners. Simultaneously, LHC staff will be receiving feedback from the Commission as to the specific issues they want to further discuss/review in the upcoming hearing.

CALAFCO is preparing a written response to the Commission in light of the outcome of the February 23 meeting and as a result of our meeting with the Commission Chair, Vice Chair and staff. (CSDA and their San Diego Chapter both issued letters to the Commission as a result of the February 23 meeting. However since CALAFCO was not present at the meeting, we needed to wait until we met with the Chair and Vice Chair to respond in writing.) Further, CALAFCO is convening a small working group to help shape outreach and education efforts to all LHC Commissioners, including the Legislators appointed to the Commission. This educational effort will go beyond what was contained in our written testimony last year and delve into current efforts as well as tell the story of actual LAFCo actions. Your response to CALAFCO's pending request for information will be critical for us being able to tell an accurate story.

We will continue to be engaged with LHC staff and monitor any further developments coming from the LHC's business meeting on March 23.

# CALAFCO BULLETIN

## Update of Little Hoover Commission and Assembly Local Government Committee Oversight Hearing on Healthcare Districts

March 14, 2017



### ALGC Oversight Hearing on Healthcare Districts

On March 8, 2017 the ALGC held an oversight hearing on evolution of healthcare districts (HCDs). Following an overview of healthcare districts by Carolyn Chu of the Legislative Analyst Office (LAO) and an overview of the LAFCo connection by Michael Colantuono (Colantuono, Highsmith & Whatley), the Committee was presented with five case studies. Three were from hospital districts, each with a different model (Tahoe Forest HCD, Grossmont HCD and Del Puerto HCD) and two were from LAFCos (Contra Costa and Sonoma). The case studies were followed by a brief period of public comment.

After telling their individual stories, all three district representatives expressed their sentiments about LAFCo. These included their feeling that LAFCo was the correct entity to conduct the MSR of HCDs and their understanding of the need for these reviews; an encouragement for modification of the review process to allow MSRs to better serve stakeholders (suggestions included standardized questions specific to HCDs that also allowed for local circumstances and conditions to be considered); and greater resources for LAFCos to be more effective in the review and oversight of HCDs (and all other types of districts).

The two LAFCo representatives (Commissioner Don Tatzin, Contra Costa LAFCo and Executive Officer Mark Bramfitt, Sonoma LAFCo) shared their Commission's direct experience with the Mt. Diablo HCD merger with the City of Concord and the recent detachment of part of the Palm Drive HCD, respectively. In their compelling testimony, they conveyed the challenges Commissions face in making the difficult decision to reorganize a district. It was also made clear that while LAFCo may not be the appropriate entity to determine how a hospital should be run and exactly what their money should be spent on, they are the proper entity to review general finances, governance, boundaries and the other factors currently authorized by the Legislature and considered by LAFCo.

Questions from Committee members included what should be done with districts that repeatedly fail to respond to LAFCo's request for information; what may be better questions for inclusion in the MSR preparation process; what the liability is for district board members in non-responsive situations; how the revenue and expenses can be tracked and accounted for in the situations for which the district is unresponsive; and what is needed for LAFCos to do the work required, especially with respect to non-responsive districts.

***CALAFCO now has the rare opportunity to take proactive action and work with the ALGC Chair and staff. Now is the time for us to consider what is needed for LAFCos to meet desired statutory requirements. What needs to change with respect to LAFCos and HCDs?*** While CALAFCO is working with CSDA and the Assoc. of CA Healthcare Districts, it is critical that we also act independently.

CALAFCO is putting together a small group to lead this effort that will include one (1) CALAFCO Board member and five (5) LAFCo staff and/or commissioners. If you are interested in participating please contact Executive Director Pamela Miller.