Website: www.sdlafco.org



San Diego Local Agency Formation Commission

SPECIAL MEETING AGENDA SPECIAL DISTRICTS ADVISORY COMMITTEE

Friday, November 17, 2017
County of San Diego Operations Center | UCSD Extension Suite 201
9335 Hazard Way, San Diego, California 92123

Chair Kimberly Thorner
Olivenhain Municipal Water District

Vice Chair Julie Nygaard Tri-City Health Care District

**

Please note this special meeting will be held <u>concurrently</u> with an earlier noticed regular meeting of the Special Districts Advisory Committee at the same time/place, and is limited to addressing Chair appointments to fill unexpired terms on the Committee.

**

9:30 A.M - CALL TO ORDER BY CHAIR

PLEDGE OF ALLEGIANCE

ROLL CALL AND INTRODUCTIONS

AGENDA REVIEW

The Chair will consider requests to remove or rearrange items on the agenda.

OPEN TIME

This portion of the meeting is reserved for persons desiring to address the Committee on any matter not on the current agenda germane to the Committee. All statements that require a response will be referred to LAFCO staff for reply in writing or will be paced on a future agenda of the Committee. Speakers are limited to three minutes.

COMMITTEE APPOINTMENTS

As provided under adopted policy the Chair will make appointments to fill two unexpired terms on the Special Districts Advisory Committee. Appointees' will immediately assume terms.

ADJOURNMENT

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San Diego Local Agency Formation Commission

REGULAR MEETING AGENDA SPECIAL DISTRICTS ADVISORY COMMITTEE

Friday, November 17, 2017
County of San Diego Operations Center | UCSD Extension Suite 201
9335 Hazard Way, San Diego, California 92123

Chair Kimberly Thorner
Olivenhain Municipal Water District

Vice Chair Julie Nygaard Tri-City Health Care District

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CONSENT ITEMS

All items calendared as consent are considered ministerial or non-substantive and subject to a single motion approval. The Chair will also consider requests to pull an item for discussion.

1. Approval of Meeting Minutes | February 17, 2017 (Action)
The Committee will consider approving summary minutes prepared by LAFCO staff for the February 17, 2017 meeting held at the County Administrative Center.

BUSINESS ITEMS

2. Implementation Options for Senate Bill 107 | Appointment of a Special District Representative to Serve on Countywide Oversight Board for Successor Redevelopment Agencies (Action)

The Committee will review options and policy preferences in appointing a special district representative to serve on a single countywide oversight board tasked with completing the draw-down of remaining activities of successor redevelopment agencies in San Diego.

BUSINESS ITEMS CONTINUED...

3. Update on the Development of a New Five-Year Study Schedule | Calendaring Municipal Service Reviews and Sphere Updates (Action)

The Committee will receive an update on the development of a new LAFCO study schedule to fulfill the Commission's statutory requirement to prepare comprehensive planning documents - municipal service reviews and sphere updates – every five years. Feedback generated from the Committee will inform the later presentation of a draft study schedule for Commission approval at a future meeting.

4. Legislative Report (Information)

The Committee will receive a report on the conclusion of the first year of the Legislature's 2017-2018 session as it relates to bills and other related matters affecting LAFCOs. This includes discussing the recommendations of the Little Hoover Commission following its two-year long review of special districts and LAFCOs' oversight role therein. Feedback generated from the Committee will be conveyed to the Commission as appropriate.

STAFF UPDATES

COMMITTEE MEMBER REPORTS AND ANNOUNCEMENTS

ADJOURNMENT TO NEXT REGULAR MEETING

Friday, December 15, 2017

Attest to Posting: Kee

Keene Simonds
Executive Officer

Keen immel

Any person with a disability under the Americans with Disabilities Act (ADA) may receive a copy of the agenda or a copy of all the documents constituting the agenda packet for a meeting upon request. Any person with a disability covered under the ADA may also request a disability-related modification or accommodation, including auxiliary aids or services, in order to participate in a public meeting. Please contact the LAFCO office at least three (3) working days prior to the meeting for any requested arraignments or accommodations.



San Diego Local Agency Formation Commission

Website: www.sdlafco.org

AGENDA REPORT

November 17, 2017 Item No. 1 (Consent/Action)

November 9, 2017

TO: Special Districts Advisory Committee

FROM: Executive Assistant

SUBJECT: Approval of Meeting Minutes | February 17, 2017

SUMMARY

Staff has prepared minutes for the last meeting of the Special District Advisory Committee held on February 17, 2017. The minutes are being presented for formal approval with any desired corrections or clarifications as requested by Committee members.

BACKGROUND

The Ralph M. Brown Act was enacted by the State Legislature in 1953 and establishes standards for the public to attend and participate in meetings of local government bodies. The "Brown Act" requires – and among other items – public agencies to maintain written minutes for all qualifying meetings.

DISCUSSION / ANALYSIS

This item is for the Committee to consider approving action minutes for the February 17, 2017 regular meeting as recorded by staff. All members were present with the exception of the following persons: Gary Arant; Gary Croucher; Julie Nygaard; and Terry Thomas.

ALTERNATIVES FOR ACTION

The following alternatives are available to the Committee:

Alternative One (Recommended):

Approve the draft action minutes prepared for the February 17, 2017 regular meeting with any desired corrections or clarifications.

Special District Advisory Committee Agenda Item No. 1 November 17, 2017 Meeting

Alternative Two:

Continue the item to the next regular meeting and provide direction as needed.

RECOMMENDATION

It is recommended the Committee proceed with the action identified in the preceding section as Alternative One.

PROCEDURES

This item has been agendized as part of the consent calendar. Accordingly, a successful motion to approve the consent calendar will include taking affirmative action on the staff recommendation as provided unless otherwise specified by the Committee.

Respectfully,

Ruth Arellano

Executive Assistant

Ruth aullano

Attachment:

1) Draft Minutes for February 17, 2017 Meeting

DRAFT LOCAL AGENCY FORMATION COMMISSION SPECIAL DISTRICTS ADVISORY COMMITTEE FEBRUARY 17, 2017 MEETING

There being a quorum present, the meeting was convened at 9:30 a.m., by Chairwoman Kimberly Thorner (Olivenhain MWD). Present <u>Committee Members</u> were Jack Bebee (Fallbrook PUD), Bill Haynor (Whispering Palms CSD), Tom Kennedy (Rainbow MWD), Erin Lump (Rincon del Diablo MWD), John Pastore (Rancho Santa Fe CSD), Augie Scalzitti (Padre Dam MWD), Joel Scalzitti (Helix WD), Dennis Shepard (North County CD), Tom Pocklington (Bonita-Sunnyside FPD), and Robert Thomas (Pomerado CD). <u>LAFCO staff</u> present were LAFCO Consultant Harry Ehrlich, Chief Analyst Robert Barry, Local Governmental Analyst Joe Serrano, and Executive Assistant Ruth Arellano.

Item 1

Pledge of Allegiance / Roll Call

Tom Pocklington led the Pledge of Allegiance at the meeting. The Advisory Committee Secretary performed the roll call with the following absences noted: Gary Arant (Valley Center MWD), Gary Croucher (Otay WD), Julie Nygaard (Tri-City HCD), and Terry Thomas (South Bay ID).

Item 2

Approval of Minutes of September 16, 2016

On motion of Tom Kennedy, seconded by Joel Scalzitti, and carried unanimously by the Committee Members present; the Advisory Committee dispensed with reading the minutes of September 16, 2016 and approved the draft prepared by staff without changes.

Item 3

Consultant's Recommended Agenda Revisions

LAFCO Consultant Harry Ehrlich indicated that there were no revisions to the agenda.

Item 4

Public Comment

Chairwoman Thorner indicated there were no speaker slips received from members of the public for comments.

Item 5

Selection of Chairperson and Vice Chairperson for 2017

Harry Ehrlich opened the nominations for the Advisory Committee Chair and Vice Chair positions for 2017. Tom Pocklington motioned to close the nominations, the following actions were made:

On motion of Jack Bebee to nominate Kimberly Thorner as the 2017 Chairwoman, seconded by Tom Pocklington, and carried unanimously by the Committee Members present.

On motion of Dennis Shepard to nominate Julie Nygaard as the 2017 Vice Chairwoman, seconded by Bill Haynor, and carried unanimously by the Committee Members present.

Item 6

Implementation of SB 1266 Procedure

Harry Ehrlich provided information to the committee regarding implementation of SB 1266 procedures related to Joint Powers Authorities filings with LAFCO after July 1, 2017.

Item 7

Discussion of Considering Filling of Position Vacancy(s)

Chairwoman Thorner informed the Committee about two recent vacancies by members Margarette Morgan and Gary Croucher. She indicated the two vacancies could be filled by a re-election process or Committee appointment. Ms. Thorner also indicated the Otay Water District shared interest in their continued representation on the Committee. Harry Ehrlich indicated a Health Care District, Parks and Recreation, Community Services District or possibly a water or fire district may be interested in having representation on the Committee as well. After discussion, the Committee agreed to create a three-member committee consisting of: Chairwoman Kimberly Thorner, Joel Scalzitti and Bill Haynor to appoint new members to fill the current vacancies and any upcoming vacancy that may occur during the remainder of the year.

Item 8

Legislative Report Update

Harry Ehrlich provided recent legislative updates to the Advisory Committee.

Item 9

Committee Member Announcements and Agency Activity Updates

The Advisory Committee members provided updates and information on their district's activities.

Item 10

<u>Adjournment</u>

There being no further business to come before the Special Districts Advisory Committee, the meeting was adjourned at 10:47 a.m.

RUTH ARELLANO EXECUTIVE ASSISTANT SAN DIEGO LOCAL AGENCY FORMATION COMMISSION



San Diego Local Agency Formation Commission

Website: www.sdlafco.org

AGENDA REPORT

November 17, 2017 Item No. 2 (Business/Action)

November 9, 2017

TO: Special Districts Advisory Committee

FROM: Executive Officer

SUBJECT: Implementation Options for Senate Bill 107

Appointment of a Special District Representative to Serve on Countywide

Oversight Board for Successor Redevelopment Agencies (Action)

SUMMARY

The Special Districts Advisory Committee will review options and policy preferences in the process to appoint a special district representative to serve on a single countywide oversight board tasked with completing the draw-down of remaining activities of successor redevelopment agencies in San Diego. This includes establishing criteria and standards with respect to eligibility, terms, and the role of an alternate. Feedback generated from the Committee will inform the presentation of draft policies to the Local Agency Formation Commission (LAFCO) at a future meeting.

BACKGROUND

Redevelopment Agencies | Establishment and Function

Redevelopment agencies (RDAs) in California were established in 1945 as part of the Community Redevelopment Act as a means for cities, towns, and counties to expedite the acquisition and or funding of public work projects to improve "blighted" areas. The underlying legislative intent in creating RDAs was to empower local officials to foster economic development through the use of local property tax proceeds. Markedly, once established, property tax revenue generated within a designated area became stationary with regard to the monies distributed among other local agencies – such as schools and special districts – with the incremental increases going forward getting redirected to RDAs.

Dissolution Proceedings Enacted Under AB X26 | Transition to Successor Agencies

In June 2011 – and following several earlier attempts – the Legislature passed Assembly Bill (AB) X26 with the Governor's signature as a budget trailer bill to freeze the 400 plus RDAs in California and their authority to initiate any new projects. The legislation also initiated a gradual dissolution process in which oversight of RDAs were transferred to successor boards with the legislative task of drawing down preexisting projects. Increment property tax revenues generated within RDAs were also now redirected to a single countywide fund – known as the Redevelopment Property Tax Trust Fund (RPTTF) – and administered by county auditor-controller offices. Successor agencies are now tasked with filing annual requests to the State to draw monies out of the local RPTTF through the auditor-controller offices to meet preexisting RDA obligations. The remaining or residual monies within the RPTTF are set aside for distribution among the other local agencies with pre Proposition 13 property tax allocations.

Redevelopment in San Diego County | Successor Agencies and Affected Special Districts

There are 17 successor agencies to RDAs in San Diego. Almost all – and specifically 15 – of the cities in San Diego County have successor agencies with the exception of Coronado, Del Mar, Encinitas. The County of San Diego also has two successor agencies. The total value of the residual incremental property tax revenue (e.g. non-committed funds) collectively within all 17 successor agencies as of the current calendar year tallies 131.6 billion. Additionally, within the 17 successor agencies there are 26 special districts that are part of the property tax roll, and as such eligible to receive residential payments from the RPTTF. These eligible 26 special districts are as follows.

RPTTF Eligible Special Districts in San Diego Co	unty
Lakeside Fire Protection	Lower Sweetwater Fire Protection
San Miguel Consolidated Fire Protection	North County Cemetery
Pomerado Cemetery	Grossmont Healthcare
Palomar Healthcare	Tri-City Healthcare
San Diego Resource Conservation	San Marcos Fire Protection
Lakeside Water	Santa Fe Irrigation
Vista Irrigation	Leucadia Wastewater
Carlsbad Municipal Water	Olivenhain Municipal Water
Otay Water	Rincon del Diablo Municipal Water
Padre Dam Municipal Water	San Diego County Water *
San Diego County Street Lighting *	CSA No. 17 (San Dieguito) *
CSA No. 69 (Heartland Area) *	San Diego Flood Control *
CSA No. 115 (Pepper Drive) *	Vallecitos Water District

^{*} Dependent special districts

DISCUSSION

This item is for the Committee to consider options and policy preferences therein with respect to the latest implementation directive enacted by the Legislature relating to the continued draw-down of RDAs and now their successor agencies; options and policy preferences that are directly relevant to special districts as described. The prompt involves Senate Bill (SB) 107, which was passed by the Legislature with the Governor's signature in September 2015 and mandates the consolidation of all successor agencies by July 1, 2018, with one (1) new countywide board in each of fifty-seven (57) counties, and five new (5) boards in Los Angeles County. Additionally, and pertinent to the Committee and its constituency, the legislation empowers each county's independent special districts selection committee (ISDSC) to appoint one of the seven voting members on the oversight board. Should ISDCS fail to appoint special district representatives the Governor shall make appointments starting on July 15, 2018.

San Diego Countywide Oversight Board | Role and Composition

Oversight boards are empowered to complete the wind-down of all RDA projects managed by successor agencies within their respective jurisdiction (emphasis added). This includes establishing criteria and timing factors underlying the procedures to redistribute future property tax proceeds among eligible local agencies. To this end, the San Diego Countywide Oversight Board will be responsible for completing all transactions of the 17 successor agencies. All decisions made by the San Diego Oversight Board shall supersede those decisions made by the 17 successor agencies. The San Diego Oversight Board is also empowered to contract with any public agency for administrative support while having the ability to request additional financial information or legal advice from any of the affected successor agencies. The composition of the San Diego Oversight Board shall include seven members drawn from the following appointment process.

- One appointee by the County of San Diego Board of Supervisors
- One appointee by the San Diego City Selection Committee
- One appointee by the San Diego Independent Special District Selection Committee
- One appointee by the San Diego County Superintendent of Education
- One appointee by the Chancellor of the California Community Colleges
- One appointee of the public by the County of San Diego Board of Supervisors
- One appointee by the recognized employee labor organization representing the large number of successor agency employees in San Diego County

Appointing a Special District Representative | Role of San Diego LAFCO

San Diego LAFCO is responsible under State law to administer the activities of the San Diego ISDSC and highlighted by regularly staffing elections to fill reserved district seats (terms) on the Commission. SB 107 expands these existing responsibilities to now include administering the election process leading to the appointment of a special district representative on the San Diego Oversight Board as described above. State law also provides San Diego LAFCO discretion in how it chooses to administer elections on behalf of ISDSC so long as it is consistent with its own adopted written policies and procedures.

Implementing Options and Preferences

Committee feedback is requested to help inform San Diego LAFCO's future decision-making in establishing policies and procedures to guide the appointment of a special district representative to the San Diego Oversight Board under SB 107. This includes – and drawing from a joint-publication prepared by the California Special Districts Association and California Association of LAFCOs – addressing existing ambiguity in the statute as it relates to the following topical and interrelated items.

- Eligibility Criteria: Independent and Dependent Districts State law does not make any explicit eligibility limitations with respect to whether a special district appointee to the Oversight Board hail from an independent or dependent special district. It would seem reasonable to limit participation to only independent special districts given dependents would be presumably represented by and through the appointments made by either the Board of Supervisors or City Selection Committee, but there may be other factors the Committee wish to consider in clarifying a preference.
- Eligibility Criteria: RTTPF and Non RTTPF Districts
 State law does not make explicit whether only RTTFP eligible special districts are eligible to participate in the selection process for the Oversight Board. It would seem reasonable to limit the participation to only those 26 special districts in San Diego County eligible for restored property tax proceedings as a result of the ultimate dissolution of RDAs, but this distinction merits clarification.
- Eligibility Criteria of Nominees

 State law does not specify whether a nominee to the Oversight Board must be a board member of an eligible special district or whether other representatives staff, public, etc. are permitted. Clarification is merited.

• Appointment Terms

State law does not prescribe any term limitations on an appointee, and as such it is presumed the term will extend indefinitely until all business of the Oversight Board is complete. Should the Committee prefer otherwise than a clarification is merited.

• Role – if any – of Alternates

State law does not explicitly contemplate the role of alternates to the Oversight Board. However, given the potential for an appointee to be unavailable at times or need to resign it would seem prudent for an alternative to be selected as part of the appointment process and avoid the potential of the Governor filling a vacated seat.

Appointment Process

State law does not outline an appointment process for seating a special district representative and potentially an alternate to the Oversight Board. As a baseline it would be reasonable to review the established procedures used in appointing special district members to San Diego LAFCO and amend/adjust as appropriate and relative to Committee preferences.

ANALYSIS

The enactment of SB 107 marks the latest and presumably final act by the Legislature in achieving the planned dissolution of RDA activities in California that began in earnest in 2012. This legislation – and unlike earlier dissolution phases – carves out an important implementing role for special districts and through the San Diego ISDSC with respect to the authority to appoint one of the seven voting members to the Oversight Board. However, the legislation provides only broad direction to San Diego LAFCO as the administrative arm of ISDSC in organizing the appointment process. Accordingly, and consistent with its purpose, Committee input is requested to prescribe preferences in addressing the eligibility and related appointment processing issues highlighted in the preceding section to help inform San Diego LAFCO in establishing clear and agreeable policies therein.

RECOMMENDATION

It is recommended the Committee review and provide input in addressing the policy issues identified in the preceding section associated with the appointment of a special district representative on the Oversight Board for future consideration by San Diego LAFCO.

Special District Advisory Committee Agenda Item No. 2 November 17, 2017 Meeting

PROCEDURES

This item has been agenized for action as part of the Committee's regular business calendar. The following procedures, accordingly, are recommended in the consideration of this item:

- 1) Receive verbal report from staff;
- 2) Invite comments from interested audience members (voluntarily); and
- 3) Discuss item among Committee members and consider action on recommendation.

Respectfully,

Keene Simonds Executive Officer

Attachments:

- 1) CSDA-CALAFCO White Paper on SB 107
- 2) Listing of Successor Agencies in San Diego County and Affected Special Districts
- 3) San Diego LAFCO Policies on Appointing Special District Members to the Commission





COUNTYWIDE RDA OVERSIGHT BOARD SPECIAL DISTRICT APPOINTMENTS

CALIFORNIA SPECIAL DISTRICTS ASSOCIATION
CALIFORNIA ASSOCIATION OF LOCAL AGENCY FORMATION COMMISSIONS
Last Updated: September 27, 2016





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ACKNOWLEDGEMENTS:

In preparing this paper, CSDA and CALAFCO greatly benefited from individuals who were generous with their time and insightful with their views. Members of our working group held background experience as special district general managers and directors of finance, local agency formation commission executive officers, RDA oversight board representatives, and attorneys.

CSDA and CALAFCO extend sincere appreciation to the individuals on our joint working group, who significantly contributed to the development of this guide. The contributions of the following people were invaluable:

Gary Bell Attorney at Law Colantuono, Highsmith & Whatley, PC

José C. Henríquez, Executive Officer El Dorado County Local Agency Formation Commission

> Shane McAffee General Manager Greater Vallejo Recreation and Park District

Keene Simonds Executive Officer Marin County Local Agency Formation Commission

Charles Turner
Director of Finance
Eastern Municipal Water District



Districts Stronger Together



On July 1, 2018, more than 400 redevelopment agency (RDA) oversight boards will be consolidated into just one oversight board per county (and five oversight boards in Los Angeles County). When this occurs, each county's Independent Special Districts Selection Committee will be granted the authority to appoint one special district representative to that county's respective oversight board.

If the Independent Special District Selection Committee in a county fails to act by July 15, 2018, the governor will make the appointment on its behalf. Therefore, it is important that the special districts in each affected county, and the Local Agency Formation Commissions (LAFCos) that administer the operations of the Independent Special Districts Selection Committees, take proactive steps to ensure a successful locally-controlled appointment process.

Much is at stake in the decisions that go before oversight boards. In fiscal years 2015-16 and 2016-17 combined, the governor's 2016 May Revise estimated special districts will receive \$316 million in property tax restoration due to the continued wind down of RDAs. Oversight board actions could affect the amount and speed of future property tax restorations to special districts and other local agencies.

Due to the newness and uniqueness of the statute providing for countywide oversight boards, the many cross-references within the statute, and the lack of familiarity most LAFCos and special districts have with the Health and Safety Code in which the statute is included, the authorizing language for special district appointments may be challenging to some local officials.

For these reasons, the California Special Districts Association (CSDA) and California Local Agency Formation Commission (CALAFCO) convened a working group to outline the process for appointing special district representatives to countywide oversight boards, and to provide guidance on potential questions related to that process.

COUNTIES REQUIRING A COUNTYWIDE OVERSIGHT BOARD

The following thirty-seven counties have two or more oversight boards that will be consolidated into one countywide oversight board on July 1, 2018 (except for Los Angeles County, which will be consolidated into five oversight boards):

- Alameda
- Butte
- Contra Costa
- Fresno
- Humboldt
- Imperial
- Kern
- Kings
- Lake
- Los Angeles (five oversight boards)
- Madera
- Marin

- Monterey
- Mendocino
- Merced
- NevadaOrange
- Olarig
- Placer
- Riverside
- Sacramento
- San Bernardino
- San Diego
- San Joaquin
- San Luis Obispo
- San Mateo

- Santa Barbara
- Santa Clara
- Santa Cruz
- Shasta
- Solano
- Sonoma
- Stanislaus
- Sutter
- Tulare
- Ventura
- Yolo
- Yuba

Of the counties noted above, the following eleven counties do not currently have an Independent Special Districts Selection Committee in place. Therefore, the special districts and LAFCo in each of these counties will need to form an Independent Special Districts Selection Committee in order to facilitate the appointment of a special district representative to the new countywide RDA oversight board:

- Fresno
- Imperial
- Kings
- Madera

- Merced
- San Joaquin
- Solano
- Stanislaus

- Tulare
- Yolo
- Yuba





SPECIAL DISTRICT REPRESENTATIVE APPOINTMENT PROCESS

The statutory authorization for appointing the special district representative to a countywide oversight board is found in Health and Safety Code 34179, which can be found in the appendix. This publication overviews the application of this authority in conjunction with the relevant code sections cross-referenced to the Cortese-Knox-Hertzberg Act or "LAFCo Law" in the Government Code.

On July 1, 2018, counties with 2 – 39 individual RDA oversight boards will be consolidated into one countywide oversight board. Upon consolidation, the county's Independent Special District Selection Committee is responsible for appointing the special district representative to the new countywide oversight board. The Independent Special District Selection Committee consists of the presiding officer of the legislative body of each independent special district or district-appointed alternate (Government Code Section 56332(a)).

Procedures

The LAFCo Executive Officer/Designee is responsible for calling and giving written notice of meetings of the Independent Special District Selection Committee, at which a representative may be appointed to the countywide RDA oversight board. (Government Code Section 56332(b)).

 A majority of the Independent Special District Selection Committee may determine to conduct the committee's business by mail, including holding all elections by mailed ballot (Government Code Section 56332(e)).

If the independent special district selection committee has determined to conduct the committee's business by mail or if the executive officer/designee determines that a meeting of the special district selection committee, for the purpose of selecting the special district members or filling vacancies, is not feasible, the executive officer/designee shall conduct the business of the committee by mail. Elections by mail shall be conducted as follows (Government Code Section 56332(f)):

- 1) The executive officer/designee shall prepare and deliver a call for nominations to each eligible district. The presiding officer, or his or her alternate as designated by the governing body, may respond in writing by the date specified in the call for nominations, which date shall be at least 30 days from the date on which the executive officer mailed the call for nominations to the eligible district.
- 2) At the end of the nominating period, if only one candidate is nominated for a vacant seat, that candidate shall be deemed appointed. If two or more candidates are nominated, the executive officer/designee shall prepare and deliver one ballot and voting instructions to each eligible district. The ballot shall include the names of all nominees and the office for which each was nominated. Each presiding officer, or his or her alternate as designated by the governing body, shall return the ballot to the executive officer/designee by the date specified in the voting instructions, which date shall be at least 30 days from the date on which the executive officer/designee mailed the ballot to the eligible district.
- 3) The call for nominations, ballot, and voting instructions shall be delivered by certified mail to each eligible district. As an alternative to the delivery by certified mail, the executive officer/designee, with prior concurrence of the presiding officer or his or her alternate as designated by the governing body, may transmit materials by electronic mail.
- 4) If the executive officer/designee has transmitted the call for nominations or ballot by electronic mail, the presiding officer, or his or her alternate as designated by the governing body, may respond to the executive officer/designee by electronic mail.





- 5) Each returned nomination and ballot shall be signed by the presiding officer or his or her alternate as designated by the governing body of the eligible district.
- 6) For an election to be valid, at least a quorum of the special districts must submit valid ballots. The candidate receiving the most votes shall be elected, unless another procedure has been adopted by the selection committee. Any nomination and ballot received by the executive officer/designee after the date specified is invalid, provided, however, that if a quorum of ballots is not received by that date, the executive officer/designee shall extend the date to submit ballots by 60 days and notify all districts of the extension. The executive officer/designee shall announce the results of the election within seven days of the date specified.
 - A quorum is the majority of members representing eligible districts (Government Code Section 56332(a))
- 7) All election materials shall be retained by the executive officer/designee for a period of at least six months after the announcement of the election results

Eligibility Requirements

Members appointed by the independent special district selection committee shall be elected or appointed members of the legislative body of an independent special district residing within the county but shall not be members of the legislative body of a city or county (Government Code Section 56332(c)).

 Special district appointees to current individual oversight boards (pre consolidation into countywide oversight boards) are not restricted to members of the legislative body of the district.

There is no clear indication that the members appointed by the selection committee must be located in a former RDA. However, it could be implied by Health and Safety Code Section 34179(i)(3).

• Current individual oversight boards (prior to consolidation into countywide oversight boards) limit eligibility to special districts that have territory in the territorial jurisdiction of the former RDA and are eligible to receive property tax residual from the RPTTF: "One member appointed by the largest special district, by property tax share, with territory in the territorial jurisdiction of the former redevelopment agency, which is of the type of special district that is eligible to receive property tax revenues pursuant to Section 34188" (Health and Safety Code Section 34179(a)(3)(A)).

Based on Health and Safety Code Section 34179(j)(3), the committee should appoint a representative from a special district that receives property tax residual from the Redevelopment Property Tax Trust Fund (RPTTF).

Health and Safety Code Section 34179(j)(3) reads in full: "One member may be
appointed by the independent special district selection committee established pursuant to
Section 56332 of the Government Code, for the types of special districts that are eligible
to receive property tax revenues pursuant to Section 34188."

Deadlines and Vacancies

If no one is appointed by July 15, 2018, the governor may appoint an individual on behalf of the Independent Special District Selection Committee. The governor may also appoint individuals for any member position that remains vacant for more than 60 days (Health and Safety Code Section 34179(k)).





Notification Requirements

Health and Safety Code Section 34179(j) does not include notification requirements of the selected special district appointee. However, the current individual oversight boards (prior to consolidation into countywide oversight boards) were required to elect one of their members as the chairperson and report the name of the chairperson and other members to the Department of Finance (Health and Safety Code Section 34179(a)). Additionally, the LAFCo Executive Officer/Designee must announce the results of an Independent Special District Selection Committee election within seven days (Government Code Section 56332(f)(6)).

Counties with Only One Individual Oversight Board

In each county where only one individual RDA oversight board exists, as of July 1, 2018, there will be no consolidation into a countywide oversight board and no change to the composition of the existing oversight board (Health and Safety Code Section 34179(I)).

Counties with 40 or More Individual Oversight Boards

In each county where 40 or more individual oversight boards exist (Los Angeles County), as of July 1, 2018, there will be a consolidation into five oversight boards. The special district membership of each oversight board shall be selected as outlined in Health and Safety Code Section 34179(j)(3) via the Independent Special District Selection Committee process (Health and Safety Code Section 34179(q)(1)).

The consolidated oversight boards in this county shall be numbered one through five, and their respective jurisdictions shall encompass the territory located within the respective borders of the first through fifth county board of supervisors districts, as those borders existed on July 1, 2018. Each oversight board shall have jurisdiction over each successor agency located within its borders (Health and Safety Code Section 34179(q)(2)).

• If a successor agency has territory located within more than one county board of supervisors' district, the county board of supervisors shall, no later than July 15, 2018, determine which oversight board shall have jurisdiction over that successor agency. The county board of supervisors or their designee shall report this information to the successor agency and the department by the aforementioned date (Health and Safety Code Section 34179(q)(3)).

Health and Safety Code Section 34179(q) does not specify if the city and special district appointees must be from an agency located in the respective supervisorial seat.

POTENTIAL QUESTIONS

What if my county does not currently have an Independent Special District Selection Committee?

In the case where more than one successor agency exists within the county, an Independent Special District Selection Committee shall be created pursuant to Government Code Section 56332. Each independent special district shall appoint a member representative to the committee and notify the LAFCo of the appointed member. The LAFCo shall then call and conduct a meeting of the committee, pursuant to Section 56332, for purposes of appointing a representative to the countywide RDA oversight board.





Does the Independent Special District Selection Committee also select an alternate, as it does with LAFCo commissioners? How should a vacancy be addressed?

The strictest interpretation of the statute only authorizes the appointment of one person, but a reasonable argument can be made for the appointment of an alternate. The Legislature expressly incorporated Government Code Section 56332 without elaboration, and that section allows for alternates.

Health and Safety Code Section 34179 does not mention alternates for the countywide oversight boards, but does allow each appointing authority to appoint an alternate for the current individual oversight boards (prior to the consolidation into a countywide oversight board) (Health and Safety Code Section 34179(a)(11)). The selection process outlined in Government Code Section 56332(c) includes the selection of an alternate for the commission.

To resolve any ambiguity, the Independent Special District Selection Committee may choose to adopt local policies, pursuant to its authority in Government Code section 56332, expressly authorizing the appointment of an alternate.

If the LAFCo Executive Officer/Designee anticipates a vacancy will occur – or if an actual vacancy occurs – an election may be held for a representative to the countywide oversight board (Government Code section 56332(b)).

What is the term of an appointment to the countywide RDA oversight board?

Nothing in Health and Safety Code Section 34179 describes terms for members of the oversight board. Rather, Section 34179(g) provides that "Each member of an oversight board shall serve at the pleasure of the entity that appointed such member."

Can an appointee be replaced mid-term?

Yes; nothing in Health and Safety Code Section 34179 describes terms for members of the oversight board. Rather, Section 34179(g) provides that "Each member of an oversight board shall serve at the pleasure of the entity that appointed such member."

Can the Independent Special District Selection Committee replace a special district representative appointed by the governor due to a vacancy?

While not clearly outlined within the relevant statutes, the intent of having locally appointed representatives on the oversight board is undermined if the law is interpreted such that seats could become, essentially, permanent representatives of the governor.

That being said, Independent Special District Selection Committees are strongly encouraged to appoint a representative no later than July 15, 2018, and within 60 days of any vacancy thereafter, in order to avoid this potential question.

What should a LAFCo do where the law is not explicit as to the process for appointments to the countywide RDA oversight board?

LAFCos should adopt local commission policies. Government Code Section 56300 allows LAFCos to adopt local policies either to clarify requirements or specify how a LAFCo will implement State law taking into account the local conditions. Case law has also indicated that these policies are allowed so long as they are not in conflict with State law.



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For example, Government Code 56325(d) indicates that, notwithstanding any other provision of the Cortese-Knox-Hertzberg Act, each LAFCo can appoint one member and one alternate member who represents the public at large. The same section goes on to specify that the appointment of the public and alternate members must be subject to an affirmative vote of at least one of the members from the other appointed authorities; and it also specifies the noticing requirements to announce the vacancy in this position. Section 56325(d) does not contain any direction for the process of appointing public members, nor does it have an indication of the vetting process for candidates eligible to be appointed to this position. With this unclear in the law, some LAFCos have adopted policies to clarify and indicate the basic appointment process.

LAFCos may establish local polices for appointing special district representatives to the countywide RDA oversight board, so long as they are not in conflict with State law.

DEFINITIONS

Taxing entities

Cities, counties, a city and county, special districts, and school entities, as defined in subdivision (f) of Section 95 of the Revenue and Taxation Code, that receive passthrough payments and distributions of property taxes pursuant to the provisions of this part (Health and Safety Code Section 34171(k)).

Executive officer

The executive officer or designee as authorized by the Local Agency Formation Commission (Government Code Section 56332(g)).





APPENDIX

HEALTH AND SAFETY CODE

DIVISION 24. COMMUNITY DEVELOPMENT AND HOUSING [33000 - 37964] (Heading of Division 24 amended by Stats. 1975, Ch. 1137.)

PART 1.85. DISSOLUTION OF REDEVELOPMENT AGENCIES AND DESIGNATION OF SUCCESSOR AGENCIES [34170 - 34191.6] (Part 1.85 added by Stats. 2011, 1st Ex. Sess., Ch. 5, Sec. 7.)

CHAPTER 4. Oversight Boards [34179 - 34181] (Chapter 4 added by Stats. 2011, 1st Ex. Sess., Ch. 5, Sec. 7.)

- **34179.** (a) Each successor agency shall have an oversight board composed of seven members. The members shall elect one of their members as the chairperson and shall report the name of the chairperson and other members to the Department of Finance on or before May 1, 2012. Members shall be selected as follows:
- (1) One member appointed by the county board of supervisors.
- (2) One member appointed by the mayor for the city that formed the redevelopment agency.
- (3) (A) One member appointed by the largest special district, by property tax share, with territory in the territorial jurisdiction of the former redevelopment agency, which is of the type of special district that is eligible to receive property tax revenues pursuant to Section 34188.
- (B) On or after the effective date of this subparagraph, the county auditor-controller may determine which is the largest special district for purposes of this section.
- (4) One member appointed by the county superintendent of education to represent schools if the superintendent is elected. If the county superintendent of education is appointed, then the appointment made pursuant to this paragraph shall be made by the county board of education.
- (5) One member appointed by the Chancellor of the California Community Colleges to represent community college districts in the county.
- (6) One member of the public appointed by the county board of supervisors.
- (7) One member representing the employees of the former redevelopment agency appointed by the mayor or chair of the board of supervisors, as the case may be, from the recognized employee organization representing the largest number of former redevelopment agency employees employee by the successor agency at that time. In the case where city or county employees performed administrative duties of the former redevelopment agency, the appointment shall be made from the recognized employee organization representing those employees. If a recognized employee organization does not exist for either the employees of the former redevelopment agency or the city or county employees performing administrative duties of the former redevelopment agency, the appointment shall be made from among the employees of the successor agency. In voting to approve a contract as an enforceable obligation, a member appointed pursuant to this paragraph shall not be deemed to be interested in the contract by virtue of being an employee of the successor agency or community for purposes of Section 1090 of the Government Code.
- (8) If the county or a joint powers agency formed the redevelopment agency, then the largest city by acreage in the territorial jurisdiction of the former redevelopment agency may select one member. If there are no cities with territory in a project area of the redevelopment agency, the county superintendent of education may appoint an additional member to represent the public.
- (9) If there are no special districts of the type that are eligible to receive property tax pursuant to Section 34188, within the territorial jurisdiction of the former redevelopment agency, then the county may appoint one member to represent the public.



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- (10) If a redevelopment agency was formed by an entity that is both a charter city and a county, the oversight board shall be composed of seven members selected as follows: three members appointed by the mayor of the city, if that appointment is subject to confirmation by the county board of supervisors, one member appointed by the largest special district, by property tax share, with territory in the territorial jurisdiction of the former redevelopment agency, which is the type of special district that is eligible to receive property tax revenues pursuant to Section 34188, one member appointed by the county superintendent of education to represent schools, one member appointed by the Chancellor of the California Community Colleges to represent community college districts, and one member representing employees of the former redevelopment agency appointed by the mayor of the city if that appointment is subject to confirmation by the county board of supervisors, to represent the largest number of former redevelopment agency employees employed by the successor agency at that time.
- (11) Each appointing authority identified in this subdivision may, but is not required to, appoint alternate representatives to serve on the oversight board as may be necessary to attend any meeting of the oversight board in the event that the appointing authority's primary representative is unable to attend any meeting for any reason. If an alternate representative attends any meeting in place of the primary representative, the alternate representative shall have the same participatory and voting rights as all other attending members of the oversight board.
- (b) The governor may appoint individuals to fill any oversight board member position described in subdivision (a) that has not been filled by May 15, 2012, or any member position that remains vacant for more than 60 days.
- (c) The oversight board may direct the staff of the successor agency to perform work in furtherance of the oversight board's and the successor agency's duties and responsibilities under this part. The successor agency shall pay for all of the costs of meetings of the oversight board and may include such costs in its administrative budget. Oversight board members shall serve without compensation or reimbursement for expenses.
- (d) Oversight board members are protected by the immunities applicable to public entities and public employees governed by Part 1 (commencing with Section 810) and Part 2 (commencing with Section 814) of Division 3.6 of Title 1 of the Government Code.
- (e) A majority of the total membership of the oversight board shall constitute a quorum for the transaction of business. A majority vote of the total membership of the oversight board is required for the oversight board to take action. The oversight board shall be deemed to be a local entity for purposes of the Ralph M. Brown Act, the California Public Records Act, and the Political Reform Act of 1974. All actions taken by the oversight board shall be adopted by resolution.
- (f) All notices required by law for proposed oversight board actions shall also be posted on the successor agency's Internet Web site or the oversight board's Internet Web site.
- (g) Each member of an oversight board shall serve at the pleasure of the entity that appointed such member.
- (h) (1) The department may review an oversight board action taken pursuant to this part. Written notice and information about all actions taken by an oversight board shall be provided to the department as an approved resolution by electronic means and in a manner of the department's choosing. Without abrogating the department's authority to review all matters related to the Recognized Obligation Payment Schedule pursuant to Section 34177, oversight boards are not required to submit the following oversight board actions for department approval:
- (A) Meeting minutes and agendas.
- (B) Administrative budgets.
- (C) Changes in oversight board members, or the selection of an oversight board chair or vice chair.
- (D) Transfers of governmental property pursuant to an approved long-range property management plan.



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- (E) Transfers of property to be retained by the sponsoring entity for future development pursuant to an approved long-range property management plan.
- (2) An oversight board action submitted in a manner specified by the department shall become effective five business days after submission, unless the department requests a review of the action. Each oversight board shall designate an official to whom the department may make those requests and who shall provide the department with the telephone number and e-mail contact information for the purpose of communicating with the department pursuant to this subdivision. Except as otherwise provided in this part, in the event that the department requests a review of a given oversight board action, it shall have 40 days from the date of its request to approve the oversight board action or return it to the oversight board for reconsideration and the oversight board action shall not be effective until approved by the department. In the event that the department returns the oversight board action to the oversight board for reconsideration, the oversight board shall resubmit the modified action for department approval and the modified oversight board action shall not become effective until approved by the department. If the department reviews a Recognized Obligation Payment Schedule, the department may eliminate or modify any item on that schedule prior to its approval. The county auditor-controller shall reflect the actions of the department in determining the amount of property tax revenues to allocate to the successor agency. The department shall provide notice to the successor agency and the county auditor-controller as to the reasons for its actions. To the extent that an oversight board continues to dispute a determination with the department, one or more future Recognized Obligation Payment Schedules may reflect any resolution of that dispute. The department may also agree to an amendment to a Recognized Obligation Payment Schedule to reflect a resolution of a disputed item; however, this shall not affect a past allocation of property tax or create a liability for any affected taxing entity.
- (i) Oversight boards shall have fiduciary responsibilities to holders of enforceable obligations and the taxing entities that benefit from distributions of property tax and other revenues pursuant to Section 34188. Further, the provisions of Division 4 (commencing with Section 1000) of the Government Code shall apply to oversight boards. Notwithstanding Section 1099 of the Government Code, or any other law, any individual may simultaneously be appointed to up to five oversight boards and may hold an office in a city, county, city and county, special district, school district, or community college district.
- (j) Except as specified in subdivision (q), commencing on and after July 1, 2018, in each county where more than one oversight board was created by operation of the act adding this part, there shall be only one oversight board, which shall be staffed by the county auditor-controller, by another county entity selected by the county auditor-controller, or by a city within the county that the county auditor-controller may select after consulting with the department. Pursuant to Section 34183, the county auditor-controller may recover directly from the Redevelopment Property Tax Trust Fund, and distribute to the appropriate city or county entity, reimbursement for all costs incurred by it or by the city or county pursuant to this subdivision, which shall include any associated startup costs. However, if only one successor agency exists within the county, the county auditor-controller may designate the successor agency to staff the oversight board. The oversight board is appointed as follows:
- (1) One member may be appointed by the county board of supervisors.
- (2) One member may be appointed by the city selection committee established pursuant to Section 50270 of the Government Code. In a city and county, the mayor may appoint one member.
- (3) One member may be appointed by the independent special district selection committee established pursuant to Section 56332 of the Government Code, for the types of special districts that are eligible to receive property tax revenues pursuant to Section 34188.
- (4) One member may be appointed by the county superintendent of education to represent schools if the superintendent is elected. If the county superintendent of education is appointed, then the appointment made pursuant to this paragraph shall be made by the county board of education.
- (5) One member may be appointed by the Chancellor of the California Community Colleges to represent community college districts in the county.
- (6) One member of the public may be appointed by the county board of supervisors.



Districts Association

Districts Stronger Together



- (7) One member may be appointed by the recognized employee organization representing the largest number of successor agency employees in the county.
- (k) The governor may appoint individuals to fill any oversight board member position described in subdivision (j) that has not been filled by July 15, 2018, or any member position that remains vacant for more than 60 days.
- (I) Commencing on and after July 1, 2018, in each county where only one oversight board was created by operation of the act adding this part, then there will be no change to the composition of that oversight board as a result of the operation of subdivision (i).
- (m) Any oversight board for a given successor agency, with the exception of countywide oversight boards, shall cease to exist when the successor agency has been formally dissolved pursuant to Section 34187. A county oversight board shall cease to exist when all successor agencies subject to its oversight have been formally dissolved pursuant to Section 34187.
- (n) An oversight board may direct a successor agency to provide additional legal or financial advice than what was given by agency staff.
- (o) An oversight board is authorized to contract with the county or other public or private agencies for administrative support.
- (p) On matters within the purview of the oversight board, decisions made by the oversight board supersede those made by the successor agency or the staff of the successor agency.
- (q) (1) Commencing on and after July 1, 2018, in each county where more than 40 oversight boards were created by operation of the act adding this part, there shall be five oversight boards, which shall each be staffed in the same manner as specified in subdivision (j). The membership of each oversight board shall be as specified in paragraphs (1) through (7), inclusive, of subdivision (j).
- (2) The oversight boards shall be numbered one through five, and their respective jurisdictions shall encompass the territory located within the respective borders of the first through fifth county board of supervisors districts, as those borders existed on July 1, 2018. Except as specified in paragraph (3), each oversight board shall have jurisdiction over each successor agency located within its borders.
- (3) If a successor agency has territory located within more than one county board of supervisors' district, the county board of supervisors shall, no later than July 15, 2018, determine which oversight board shall have jurisdiction over that successor agency. The county board of supervisors or their designee shall report this information to the successor agency and the department by the aforementioned date.
- (4) The successor agency to the former redevelopment agency created by a county where more than 40 oversight boards were created by operation of the act adding this part, shall be under the jurisdiction of the oversight board with the fewest successor agencies under its jurisdiction.

(Amended by Stats. 2015, Ch. 325, Sec. 11, Effective September 22, 2015.)

Countywide RDA Oversight Board

San Diego Cities RDA Sucessor Boards	Largest AB8 Special Districts Within RDA Sucessor Boundaries			
Carlsbad	Tri-City Health Care District			
Chula Vista	Otay Water District			
El Cajon	Grossmont Health Care District			
Escondido	Palomar Pomerado Health Care District			
Imperial Beach	San Diego Water Authority			
La Mesa	Grossmount Health Care District			
Lemon Grove	Grossmount Health Care District			
National City	San Diego Water Authority			
Oceanside	Tri-City Health Care District			
Poway	Palomar Pomerado Health Care District			
San Diego	San Diego Water Authority			
San Marcos	San Marcos Fire Protection District			
Santee	Padre Dam Municipal Water District			
Solana Beach	Santa Fe Irrigation District			
Vista	Palomar Pomerado Health Care District			

^{*} Determined by Auditor-Controller and Automatic Seat on Sucessor Board

All AB8 Special Districts Within RDA Sucessor Boundaries

Lakeside Fire Protection District Lower Sweetwater Fire Protection District San Miguel Consolidated Fire Protection District North County Cemetary District Pomerado Cemetery District Grossmount Health Care District ** Palomar Pomerado Health Care District ** Tri-City Health Care District ** San Diego Resource Conservation District San Marcos Fire Protection District ** Lakeside Water District Santa Fe Irrigation District ** Leucadia Wastewater District Vallecitos Water District Carlsbad Municipal Water District Olvenhain Municipal Water District Otay Water District ** Rincon del Diablo Municipal Water District Padre Dam Municpal Water District ** San Diego County Water Authority ** County of San Diego Street Lighting District County Service Area No. 17 (San Dieguito) County Service Area No. 69 (Heartland) County Service Area No. 115 (Pepper Drive) San Diego County Flood Control District

** Currently Seated on One or More RDA Sucessor Agencies' Board of Directors

Independent Districts

Dependent Districts

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SAN DIEGO COUNTY INDEPENDENT SPECIAL DISTRICT SELECTION COMMITTEE RULES

I. PURPOSE

The purpose of the Independent Special District Selection Committee shall be to appoint the regular and alternate special district members of the San Diego LAFCO, to fill unexpired terms when vacancies occur, and to select members of the Commission's Special Districts Advisory Committee.

II. MEMBERSHIP

Membership of the Independent Special District Selection Committee shall be composed of the presiding officer of the legislative body of each independent special district that either is located wholly within San Diego county, or that contains territory within the county that represents 50% or more of the assessed value of taxable property of the district.

III. MEETINGS

Notification and Solicitation of Nominations

The Executive Officer of the Commission shall give written notice to all eligible independent special districts of any meeting of the Independent Special District Selection Committee, specifying the date, time, and place. Each district shall acknowledge receipt of the Executive Officer's notice. Each district shall be encouraged to submit nominations, accompanied by a brief resume on the form provided by LAFCO. All nominations must be received by a specified date that shall be at least six weeks from the date of notification. Facsimile (FAX) copies of nominations may be submitted, if necessary, to meet the established deadline; however, replacement originals must be submitted as soon thereafter as possible.

Nominating Committee

All nominations received by the deadline shall be submitted for review and recommendations by a Nominating Committee appointed by the chairperson or vice chairperson of the Special Districts Advisory Committee. The Nominating Committee shall be composed of advisory committee members whose terms will not expire until the following year. Copies of the Nominating Committee's report and all nominations received by the deadline shall be sent to all eligible districts at least six weeks prior to the meeting.

Independent Special District Selection Committee Rules Page Two

Registration

Each member of the Selection Committee shall be entitled to one vote for each independent special district of which he or she is the presiding officer. In the event that the presiding officer is unable to attend a meeting of the Committee, the legislative body may appoint one of its members to attend in the presiding officer's place. Such a designated member shall submit written authorization at the time of registration.

Each voting member shall register and complete a declaration of qualification. The voting member will then be given the required number of ballots and other voting materials.

Quorum

Members representing a majority of the eligible districts shall constitute a quorum for the conduct of Committee business. No meeting shall be called to order (1) earlier than the time specified in the notice, and (2) until a quorum has been declared to be present. Before calling the meeting to order, the Executive Officer shall announce that a quorum is present and request that any voting member who has not yet registered do so at that time. Only those eligible members registered and present when a quorum has been declared and the meeting called to order shall be allowed to vote. No one will be permitted to register and vote after the meeting has been officially convened.

Voting

Voting shall be done using the ballots distributed to each eligible representative at the time of registration. The ballots shall include the names of all nominees, with the incumbents and the Nominating Committee's recommendations identified. Spaces also shall be provided for "write-in" votes. Voting representatives must be present at the time ballots are marked and collected. A candidate for a regular or alternate member of the Commission must receive at least a majority of the votes cast in order to be selected. In the event that no candidate receives the required number of votes, a run-off balloting shall be held between the two candidates receiving the highest and next-highest number of votes. In case of a tie in the "next-highest" category, the tied candidates will both (all) be included in the run-off balloting. Balloting will continue until one candidate receives at least a majority of votes cast.

Election of members of the Special Districts Advisory Committee shall require only a plurality vote.

Independent Special District Selection Committee Rules Page Three

IV. MAILED-BALLOT ELECTIONS

Authority

A mailed-ballot election may be conducted if the Executive Officer has determined that a meeting of the Special District Selection Committee is not feasible.

Notification and Solicitation of Nominations

The Executive Officer of the Commission shall give written notice to all eligible independent special districts of the intention to conduct a mailed-ballot election. Each district shall acknowledge receipt of the Executive Officer's notice. Each district shall be encouraged to submit nominations, accompanied by a brief resume on the form provided by LAFCO. All nominations must be received by a specified date that shall be at least six weeks from the date of notification. Facsimile (FAX) copies of nominations may be submitted, if necessary, to meet the established deadline; however, replacement originals must be submitted as soon thereafter as possible.

Nominating Committee

All nominations received by the deadline shall be submitted for review and recommendations by a Nominating Committee appointed by the chairperson or vice chairperson of the Special Districts Advisory Committee. The Nominating Committee shall be composed of advisory committee members whose terms will not expire until the following year.

<u>Distribution and Return of Ballots</u>

All eligible districts shall be sent, by certified mail, return receipt requested, the following materials: (1) copies of all nominations received by the deadline, (2) a copy of the Nominating Committee's report and recommendations, (3) ballot(s) as required to vote for Commission and/or Special Districts Advisory Committee members, and (4) voting instructions.

The ballots shall include the names of all nominees, with the incumbents and the Nominating Committee's recommendations identified. Spaces shall be provided for "write-in" votes. Each ballot shall be accompanied by a certification sheet to be completed by the presiding officer or designated alternate who cast that district's vote.

Independent Special District Selection Committee Rules
Page Four

A specified period of time, not less than six weeks, shall be allowed for the districts to cast their votes and return their ballots. Ballots shall be sent by certified mail, return receipt requested. Facsimile (FAX) copies of ballots may be submitted, if necessary, to meet the established deadline; however, replacement originals must be submitted as soon thereafter as possible. A ballot received without a certification page will not be counted. All certified ballots received by the deadline shall be counted, and the results announced within seven days. Certified ballots representing a simple majority of the eligible districts must be returned for a valid election.

A candidate for a regular or alternate member of the Commission must receive at least a majority of the votes cast in order to be selected. In the event that no candidate receives the required number of votes, a run-off election shall be conducted, either by a second mailed ballot or a meeting of the Independent Special District Selection Committee, at the discretion of the Executive Officer.

Election of members of the Special Districts Advisory Committee shall require only a plurality vote.

Nothing in these Rules shall supersede Section 56332 of the California Government Code, which governs the establishment of the Independent Special District Selection Committee.

Adopted: August 27, 1982

Amended: August 17, 1987

June 19, 1992 September 6, 1996



San Diego Local Agency Formation Commission

Website: www.sdlafco.org

AGENDA REPORT

November 17, 2017 Item No. 3 (Business/Action)

November 9, 2017

TO: Special Districts Advisory Committee

FROM: Executive Officer

SUBJECT: Update on Developing a New Five-Year Study Schedule | Calendaring

Municipal Service Reviews and Sphere of Influence Updates (Action)

SUMMARY

The Special Districts Advisory Committee will receive an update on San Diego Local Agency Formation Commission's (LAFCO) development of a new study schedule to fulfill the Commission's statutory requirement to prepare comprehensive planning documents – municipal service reviews and sphere of influence updates – every five years. The underlying purpose of the study schedule is to telegraph and sequence these planning documents in fulfilling LAFCO's statutory obligation to independently address current and future community service needs through the orderly management of local governance (i.e., boundaries, service areas, and service functions). Feedback generated from the Committee will inform the future presentation of a study schedule for Commission approval at a later meeting.

BACKGROUND

Study Directive | Municipal Service Reviews and Sphere of Influence Updates

State law directs LAFCOs to review and update – as appropriate – spheres of influence for all cities and special districts every five years and instep with delineating the area the Commission believes represents the agencies' appropriate current and future boundaries and service areas. State law also specifies LAFCOs must inform their sphere updates by preparing comprehensive evaluations – titled municipal service reviews – to determine the availability and adequacy of local governmental services relative to current and future community needs. The legislative purpose of the municipal service review is to ensure LAFCOs are proactive in independently overseeing local government agencies and their municipal services ahead of subsequent sphere updates with increasingly emphasis in promoting accountability and efficiencies.

Special District Advisory Committee Agenda Item No. 3 November 17, 2017 Meeting

Additionally, municipal service reviews now serve as source documents under State law with respect to LAFCOs' authority to initiate certain regulatory actions, such as forming, consolidating, merging, or dissolving one or more local agencies.

Previous Study Cycles

This calendar year marks the end of the current five-year study cycle with respect to San Diego LAFCO preparing municipal service reviews and sphere updates under State law. Overall – and since the mandate was enacted beginning in 2001 – LAFCO has prepared nearly 100 studies during the course of the three cycles (2001-2007; 2008-2012; and 2013-2017) and covering close to 90% of all local agencies subject to LAFCO oversight. Nearly all of the studies have been prepared in-house and largely divided between region-specific and service specific. (The remaining prepared studies have been agency-specific.) A detailing of the agencies reviewed by LAFCO to date is provided as Attachment One.

DISCUSSION

This item is for the Committee to provide feedback on San Diego LAFCO's development of a new five-year study schedule covering the 2018-2022 period. This includes the Committee reflecting on the approach, structure, and ultimately outcomes associated with earlier cycles and providing input on how these studies can be organized and/or sequenced to enhance value going forward. Feedback provided will be incorporated into the preparation of a draft study schedule for future consideration by the Commission.

ANALYSIS

San Diego LAFCO is obligated under State law to prepare a new round of municipal service reviews and sphere of influence updates beginning in 2018. LAFCO retains substantive discretion, however, in how it chooses to calendar these studies, and this includes deciding the scope (i.e., region, service, or agency-specific) and breadth (i.e., cursory or detailed) of the underlying analysis of each study undertaken. With this in mind, and ahead of the benefit of Committee or Commission input, it is staff's working expectation the next study schedule will continue to emphasize regional and service-specific studies for the benefit of readily capturing meaningful comparisons. It is also expected the studies will benefit from earlier starting-lines by building on earlier data collection and allow for more quantifying with respect to key service and financial information. Further, and new from previous cycles, staff anticipates the next round of studies will incorporate certain joint-power authorities into the analysis consistent with the recent enactment of Senate Bill 1266.

RECOMMENDATION

It is recommended the Committee review and provide input as desired with respect to San Diego LAFCO preparing a new study schedule to calendar municipal service reviews and sphere updates for the 2018-2022 cycle.

Special District Advisory Committee Agenda Item No. 3 November 17, 2017 Meeting

PROCEDURES

This item has been agenized for action as part of the Committee's regular business calendar. The following procedures, accordingly, are recommended in the consideration of this item:

- 1) Receive verbal report from staff;
- 2) Invite comments from interested audience members (voluntarily); and
- 3) Discuss item among Committee members and consider action on recommendation.

Respectfully,

Keene Simonds Executive Officer

Attachment:

1. San Diego LAFCO's MSR-SOI Agency Tracker

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San Diego Local Agency Formation Commission

Municipal Service Review and Sphere of Influence Update Tracker

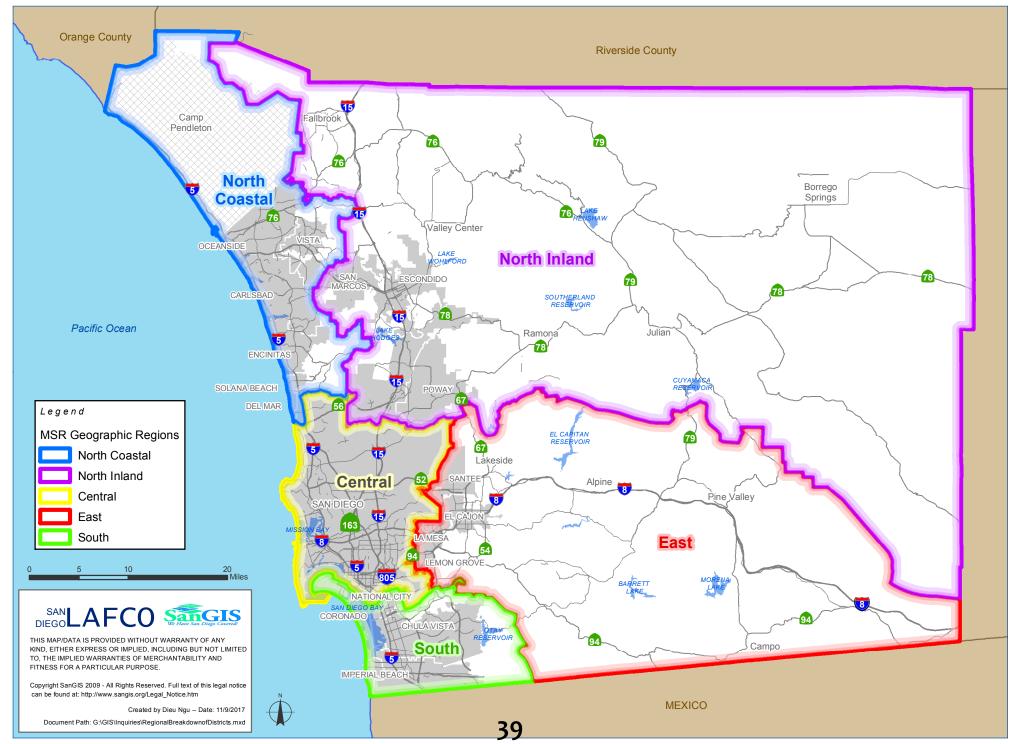
	Local Agency	Geographic Region	2001 to 2007 Cycle	2008 to 2012 Cycle	2013-2017 Cycle
	Cities				
1	Carlsbad	North Coastal		♂	₹
2	Chula Vista	South			
3	Coronado	South	 ✓		
4	Del Mar	North Coastal		বিহার্থার্থার্থার্থার্থার্থার্থার্থার্থার্থ	⋖
5	El Cajon	East			
6	Encinitas	North Coastal	 ✓		⋖
7	Escondido	North Inland	<u>র হার হার হার হার হার হার হার হার হার হা</u>		
8	Imperial Beach	South	 ✓		
9	Lemon Grove	East	 ✓		
10	La Mesa	East	₫		
11	National City	South	 ✓		
12	Oceanside	North Coastal			⋖
13	Poway	North Inland	 ✓		
14	San Diego	Central	₫		
15	San Marcos	North Inland	⋖		
16	Santee	East	 ✓		
17	Solana Beach	North Coastal	 ✓		⋖
18	Vista	North Inland		€	
	Special Districts				
1	Alpine County Sanitation District	***	✓	€	♂
2	Alpine Fire Protection District	East		_	
3	Bonita-Sunnyside Fire Protection District	South	▼		
4	Borrego Springs Fire Protection District	North Inland			₹
5	Borrego Water District	North Inland			♂
6	Borrego Springs Park Community Services District	East			

7	Ruena County Sanitation District	North Coastal	 The state of the state</th <th></th>	
7 8	Buena County Sanitation District Campo Water and Sewer Maintenance District	South		
	Canebrake County Water District	North Inland		
9	Carlsbad Municipal Water District	North Coastal		
10	•	North Inland		☑
11	Coachella Valley Water District CSA 17 - Ambulance	North Coastal		
12	CSA 17 - Ambulance CSA 26 - Recreation and Park	East		
13	CSA 20 - Recreation and Park CSA 69 - Ambulance	East		
14	CSA 69 - Ambulance CSA 81 - Recreation and Park	North Inland		
15 16	CSA 83 - Recreation and Park	Multiple		♂
16	CSA 86 - Streets and Roads	waitiple ****		Y
17 18	CSA 30 - Streets and Roads CSA 107 - Fire Protection	****		
18		***		
19	CSA 109 - Fire Protection CSA 110 - Fire Protection	***		
20	CSA 110 - Fire Protection	***		
21	CSA 112 - Fire Protection	***		
22	CSA 112 - Fire Protection	***		
23	CSA 113 - Fire Protection	East		
24	CSA 115 - File Protection CSA 121 - Waste Disposal	EdSt ****		
25 26	CSA 121 - Waste Disposal CSA 122 - Regional Planning	South		
	CSA 122 - Regional Flaming CSA 128 - Recreation and Park	East	♂	☑
27 28	CSA 120 - Recreation and Fark CSA 129 - Streets and Roads	****		Y
	CSA 129 - Streets and Roads CSA 135 - Police Protection and Personal Safety	Multiple		
29	CSA 135 - Folice Protection and Personal Safety	East		
30	Cuyamaca Water District	North Inland		<u> </u>
31	Deer Springs Fire Protection District	North Inland		▼ ▼ ▼ ▼
32	Descanso Community Services District	East		
33	•	South		Y
34	East Otay Mesa Sewer Maintenance District East County Fire Protection District	30uti ****		
35 36	Fairbanks Ranch Community Services District	North Coastal	3 3 3 3	
36 37	Fallbrook Healthcare District	North Inland		
37 28	Fallbrook Public Utility District	North Inland		
38	Grossmont Healthcare District	North inland East		
39	Helix Water District			
40	nelix water District	East		

41	Jacumba Community Services District	East	⋖		
42	Julian Community Services District	North Inland		_	
43	Julian County Sanitation District	***			
44	Julian-Cuyamaca Fire Protection District	North Inland			
45	Lake Cuyamaca Recreation and Park District	North Inland	♂		⊡
46	Lakeside Fire Protection District	East	♂	▼	_
47	Lakeside County Sanitation District	***	♂		
48	Lakeside Water District	East	₹		
49	Lemon Grove County Sanitation District	East			
50	Leucadia Wastewater District	North Coastal			
51	Lower Sweetwater Fire Protection District	South			
52	Majestic Pines Community Services District	North Inland			
53	Metropolitan Water District of Southern California	Multiple			₫
54	Mission Resources Conservation District	North Inland	 The state of the state</td <td></td> <td>₹</td>		₹
55	Mootamai Municipal Water District	North Inland			
56	Morro Hills Community Services District	North Inland			
57	North County Cemetery District	North Inland	 The state of the state</td <td></td> <td>$\overline{\mathbf{Q}}$</td>		$\overline{\mathbf{Q}}$
58	North County Fire Protection District	North Inland			▼
59	Oceanside Small Craft Harbor District	North Coastal			▼
60	Olivenhain Municipal Water District	North Coastal			▼
61	Otay Water District	South			_
62	Padre Dam Municipal Water District	East	 The state of the state</td <td></td> <td></td>		
63	Palomar Pomerado Healthcare District	North Inland			₹
64	Pauma Municipal Water District	North Inland			
65	Pauma Valley Community Services District	North Inland			
66	Pine Valley County Sanitation District	***			
67	Pine Valley Fire Protection District	East		⋖	
68	Pomerado Cemetery District	North Inland			
69	Questhaven Municipal Water District	North Inland			
70	Rainbow Municipal Water District	North Inland			▼
71	Ramona Cemetery District	North Inland			
72	Ramona Municipal Water District	North Inland			
73	Rancho Santa Fe Community Services District	North Coastal			
74	Rancho Santa Fe Fire Protection District	North Coastal	▼		♂

75 76 77 78 79 80	San Diego County Resource Conservation District Rincon Del Diablo Municipal Water District Rincon Ranch Community Services District Rural Fire Protection District Riverview Water District San Diego County Flood Control District	All Regions North Inland North Inland **** ***** Multiple			
81	San Diego County Sanitation District	Multiple			
82	San Diego County Water Authority	Multiple	▼		
83	San Diego Unified Port District	South			
84	San Dieguito Water District	North Coastal	▼		₽
85	San Luis Rey Municipal Water District	North Inland			₹
86	San Marcos Fire Protection District	North Inland	₽		
87	San Miguel Consolidated Fire Protection District	East	₹		
88	Santa Fe Irrigation District	North Coastal	₩.		
89	South Bay Irrigation District	South	⊡		
90	Spring Valley Sanitation District	****	♂		
91	Sweetwater Authority	Multiple			
92	Tia Juana Valley County Water District	***	 ✓		
93	Tri-City Hospital District	North Coastal	⋖		
94	Upper San Luis Rey Resource Conservation District	North Inland	⋖		
95	Vallecitos Water District	North Inland			
96	Valley Center Cemetery District	North Inland	 ✓		
97	Valley Center Community Services District	North Inland	 ✓		
98	Valley Center Fire Protection District	North Inland	▼		 ▼
99	Valley Center Municipal Water District	North Inland	▼		
100	Vista Fire Protection District	North Coastal			3
101	Vista Irrigation District	Multiple	₹		_
102	Whispering Palms Community Services District	North Coastal	₹		 ✓
103	Winter Gardens Sewer Maintenance District	East			
104	Wynola Water District	North Inland	₫		
105	Yuima Municipal Water District	North Inland			
	Agencies Reviewed		113	25	53
	% of Agencies Reviewed		92%	29%	62%

MSR Study Schedule Geographic Regions



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San Diego Local Agency Formation Commission

Website: www.sdlafco.org

AGENDA REPORT

November 17, 2017 Item No. 4 (Business/Action)

November 9, 2017

TO: Special Districts Advisory Committee

FROM: Chief Analyst

SUBJECT: Final 2017 Legislative Report

SUMMARY

The Special District Advisory Committee will receive a report on the conclusion of the first year of the Legislature's 2017-2018 session as it relates to bills and other related matters affecting LAFCOs. This includes discussing the recommendations of the Little Hoover Commission following its two-year long review of special districts and LAFCOs' oversight role therein. Feedback generated from the Committee will be conveyed to the San Diego Local Agency Formation Commission (LAFCO) in step with informing future actions.

DISCUSSION

The State Legislature reconvened from its summer recess on August 21, 2017. September 1, 2017 was the last day for fiscal committees to meet and report bills to the Floor, with September 8 being the last day to amend on the Floor. September 15 was the last day any bill may be passed, and the Legislature went into its interim recess on adjournment. October 15, 2017 was the last day for the Governor to sign or veto bills passed by the Legislature on or before September 15. The new statutes will take effect on January 1, 2018, and the Legislature will reconvene from its interim recess on January 3, 2018. The following summary addresses bills San Diego LAFCO had been actively tracking during the legislation session.

• AB 464 (Gallagher) Local Government Reorganization

AB 464 was sponsored by CALAFCO to address a situation in current law wherein Government Code Section 56653 does not address certain conditions of services currently provided when a plan for services is submitted for an annexation. This bill specifies that the plan being submitted would also include information regarding services currently provided to the affected territory even if by contract. This

situation arose from a court decision on a lawsuit (City of Patterson v. Turlock Irrigation District) in Stanislaus County. **Approved position: Support; Letter sent. Status: Passed Legislature and Signed by Governor July 10, 2017.**

• AB 979 (Lackey) Special District Representation on LAFCO

This bill was sponsored by CSDA and cosponsored by CALAFCO to address the procedure for special districts to propose to hold an election on having representation on a commission. Additionally, in July 2018, in counties where multiple Redevelopment Agency (RDA) Oversight Boards have existed, LAFCO is to administer an election process for selecting a representative to the county-wide RDA Oversight Board, in accordance with SB 107 enacted in 2016. The proposed method is to have the Special Districts Selection Committee (officers of each independent special district) vote to select the representative. San Diego LAFCO has already used this method to select representatives to the commission. Amendments were proposed and made on May 15, 2017, to address concerns of CALAFCO. Approved position: Support; Letter sent. Status: Passed Legislature and Signed by Governor September 1, 2017.

• AB 892 (Waldron) Municipal Water Districts: Water Service: Indian Tribes

Existing law requires a Municipal Water District to provide service of water at substantially the same terms applicable to the customers of the district to the Indian tribe's lands that are not within a district, upon the request of certain Indian tribes and the satisfaction of certain conditions. This bill would authorize, rather than require, a Municipal Water District to provide water service to all Indian tribes whose lands are owned by the tribe. **This is now a two-year bill.**

• AB 1361 (Garcia) Municipal Water Districts: Water Service: Indian Tribes

This bill authorizes a Municipal Water District to provide water service to an Indian Tribe's lands that are not within the district if requested by the Indian Tribe and all conditions of service are agreed upon. This bill was sponsored by the Rincon Indian Tribe and was passed as amended at the Senate Governance and Finance Committee on July 19, 2017. The bill allows a Municipal Water District, until January 1, 2023, to apply to LAFCO to extend water service at substantially the same terms applicable to customers of the district to Indian lands that are not within a district as if the lands had been fully annexed into the district and into any other public agencies required for the provision of water service. The bill requires LAFCO to approve the application and allows LAFCO to impose conditions on the Municipal Water District with regard to the extension of service in accordance with Section 56886 of the Government Code, as long as those terms and conditions do not impair the provision of water service to Indian lands and are similar to those imposed on all agency service recipients without discrimination. The Municipal

Water District is required to provide the water extension agreement to LAFCO. CALAFCO adopted an Oppose position on the bill based upon the exclusion of Commission review and authority. San Diego LAFCO staff shared concerns of similar factors in a letter dated July 13, 2017 but no position was taken on the bill. **Adopted position: Watch. Status: Passed and Signed by Governor October 3, 2017.**

AB 1725 (ALGC) Omnibus Bill

This is the annual Assembly Local Government Committee (ALGC) bill that usually addresses any issues involving the Cortese-Knox-Hertzberg Act and LAFCO. The annual bill addresses non-controversial or clarification issues, such as redefining the term "contiguous," which the act defines as territory adjacent to territory within the local agency. This bill instead defines "contiguous" as territory that abuts or shares a common boundary with territory within a local agency. Recommended position: Support as Amended July 3, 2017. Passed Legislature and Signed by Governor September 28, 2017.

• SB 448 (Wieckowski) Local Government Organization: Districts: Audits

This bill defines *inactive special districts* and establishes a process for the State Controller to annually publish a list of inactive districts for information to LAFCO. If determined to be inactive, LAFCO would be required to study the district and hold a public hearing to determine if the district should be dissolved. If action is taken by LAFCO it would not be subject to protest. Another section of the bill requires all audits of special districts be filed with their applicable LAFCO and available for the public on the LAFCO website. **Recommended position: Consider Support position after amendments are published. Passed Legislature and Signed by Governor September 28, 2017.**

• AB 1728 (ALGC) Healthcare Districts: Board of Directors

This bill requires the board of directors of a healthcare district to adopt an annual budget in a public meeting, on or before September 1 of each year, that conforms to generally accepted accounting and budgeting procedures for special districts, establish and maintain an Internet Web site that lists contact information for the district, and adopt annual policies for providing assistance or grant funding, if the district provides assistance or grants.. Recommended position: Support as Amended July 3, 2017. Passed and Signed by Governor September 28, 2017.

• AB 1479 (Bonta) Public Records: Custodian of Public Records: Civil Penalties

This bill was passed by the Legislature but was vetoed by the Governor on October 13, 2017. This bill would have, until January 1, 2023, required public agencies to designate a person or persons, or office or offices to act as the agency's custodian

Special District Advisory Committee Agenda Item No. 4 November 17, 2017 Meeting

of records who would be responsible for responding to any request made pursuant to the California Public Records Act and any inquiry from the public about a decision by the agency to deny a request for records. The bill would have made a failure to respond for records or an improperly assessed fee a civil penalty and allowed the courts to issue fines ranging from \$1000 - \$5000. CALAFCO adopted an Oppose position on the bill. **Passed Legislature, Vetoed by Governor October 13, 2017.**

There are a number of other bills that staff will continue to monitor as the Legislature reconvenes in 2018. San Diego LAFCO staff will provide the Committee with a verbal update at the meeting on anticipated future actions on these bills and a summary of the recommendations made by the Little Hoover Commission in its August 2017 report Special Districts: Improving Oversight and Transparency.

RECOMMENDATION

It is recommended the Committee review and provide input as desired with respect to current and pending legislative matters of interest to San Diego LAFCO.

PROCEDURES

This item has been agenized for action as part of the Committee's regular business calendar. The following procedures, accordingly, are recommended in the consideration of this item:

- 1) Receive verbal report from staff;
- 2) Invite comments from interested audience members (voluntarily); and
- 3) Discuss item among Committee members and consider action on recommendation.

Respectfully,

ROBERT B. BARRY, AICP

Chief Analyst

Attachments

- 1. CALAFCO Tracking Report 11/9/17
- 2. Little Hoover Commission, Executive Summary, Special Districts: Improving Oversight and Transparency (August 2017)



Special Districts: Improving Oversight & Transparency

Report #239, August 2017









Executive Summary

Special districts, the workhorses of public service delivery created by the California Legislature during the earliest days of statehood, represent the most common form of local government. They have prevailed through endless upheaval as California morphed from a state of rural open spaces into one of the world's most powerful economic engines and home to nearly 40 million people. Today special districts generate some \$21 billion in annual revenues and employ more than 90,000 local government workers.1

In 2016 and 2017, the Little Hoover Commission reviewed and analyzed California's 2,071 independent special districts and the State of California's role and responsibility in overseeing them.² The Legislature not only created special districts and enacted the practice acts by which they are governed, but it retained the power to create new districts and also to dissolve them. In the early 1960s, the Legislature had the foresight to develop a local oversight mechanism, Local Agency Formation Commissions (LAFCOs) tasked with bringing more rational planning practices and reining in inappropriate growth by considering local government boundary decisions. LAFCOs have the authority to initiate dissolutions and consolidations of special districts, although ultimately local voters have the final say. The process is slow -- intentionally slow according to some -- and occasionally frustrated parties attempt to bypass the local process by taking issues directly to the Legislature. This tension, in part, prompted the Commission to update its 2000 review of special districts to consider whether the local oversight process works as intended or whether a different process or a greater role for the Legislature would be more effective.

The Commission's review broke new ground, but also revisited issues first identified in its May 2000 report, Special Districts: Relics of the Past or Resources for the Future? The 2000 report declared that California's expansive special district sector often amounted to a poorly overseen and largely invisible governing sector serving residents who know little about who runs them or

what they pay in taxes to sustain them. The Commission nearly two decades ago questioned the soundness of special districts' financial management and asked if their numbers might be pared back through consolidations. Yet Commissioners also acknowledged in their 2000 analysis that special districts provide Californians valuable services and are "physically closest to their communities." The Commission concluded that despite its range of criticisms, special districts should remain, in the end, local institutions best served by local decision-making.

In its newest review the Commission heard from some who still contend that special districts are ripe for consolidation and represent convoluted, dispersed, under-the-radar government. Frustrated with the local oversight process, various local special district issues percolated up into bills in the 2015-16 legislative session as the Commission began its study, potentially signifying that the current system of oversight fails to work as well as intended.

In this review, the Commission found special districts themselves could do a better job of telling their own story to overcome the stigma that they function as hidden government. During an advisory committee meeting, Chair Pedro Nava encouraged special districts to "tell your story." There are very few government entities in a position to let people know that they work directly for the public and that the taxes and fees they collect fund local services, he said.

In testimony, the Commission also learned that despite the perception that special districts continue to proliferate in California, the number of special districts has declined 5 percent since 1997, while the number nationally increased by 10 percent.³ Thirty-three states have more special districts per capita than California. Despite frequent calls for dissolving or consolidating these local governments, special districts seem to have pluses that render them tolerable to those they govern and able to forestall movements to purge them or fold their work into city and county governments.

The Commission's 2016-2017 review delved into four primary arenas concerning special districts:

- Oversight of special districts, specifically, opportunities to bolster the effectiveness of Local Agency Formation Commissions (LAFCOs).
- The continued need for districts to improve transparency and public engagement.
- The frequently-controversial evolution of California's healthcare special districts, which in the 1940s and 1950s built a far-ranging system of hospitals that are mostly now gone due to a tremendous transformation in healthcare from hospitalization to preventive care.
- The urgency of climate change adaptation in California and the front-line roles that special districts, particularly water, wastewater treatment and flood control districts, play in preparing their communities and defending them from harm.

Toward Higher-Quality Local Control

As in 2000, the Commission held fast to the concept that special districts are essentially local institutions. Whether their individual endeavors are praised or panned, special districts seemingly reflect the wishes of local voters. They also reflect the politics of LAFCOs, unique oversight bodies in each county with authority to judge their performances and recommend whether they should continue to exist. The Commission again determined that LAFCOs should be the leading voice on the status of special districts in California – and that they need more tools to do the job well.

Commissioners perplexed by the seemingly slow progress in dissolutions and consolidations at one point during the study asked if a lack of money prevented LAFCOs and special districts from initiating consolidations or conducting the mandated Municipal Service Reviews that can identify opportunities for improved efficiency in service delivery. A chorus of stakeholders suggested a small, one-time infusion of grant funding, tied to specified outcomes to ultimately improve efficiency and save taxpayer dollars, was indeed warranted. They also called for various statutory changes that could bolster the effectiveness of LAFCOs.

Clearly, special districts can be improved. Given the routine front-line services they provide, the historic climate challenges these districts face in keeping California stable, as well as the need to provide the best possible healthcare to millions of residents, LAFCOs and the state have obligations to see that they succeed. To that end, the Commission offers 20 recommendations to guide the Legislature and Governor going forward. The first eight of those recommendations address the basic structure and governing issues revolving around special districts:

Recommendation 1: The Legislature and the Governor should curtail a growing practice of enacting bills to override LAFCO deliberative processes and decide local issues regarding special district boundaries and operations.

The Legislature and Governor have reason to be frustrated with slow and deliberative LAFCO processes. But these are local institutions of city, county and special district members often better attuned to local politics than those in the State Capitol. Exemptions where the Legislature gets involved should be few, and in special cases where the local governing elites are so intransigent or negligent – or so beholden to entrenched power structures – that some higher form of political authority is necessary.

Recommendation 2: The Legislature should provide onetime grant funding to pay for specified LAFCO activities, to incentivize LAFCOs or smaller special districts to develop and implement dissolution or consolidation plans with timelines for expected outcomes. Funding should be tied to process completion and results, including enforcement authority for corrective action and consolidation.

The Commission rarely recommends additional funding as a solution. However, a small one-time infusion of \$1 million to \$3 million in grant funding potentially could save California taxpayers additional money if it leads to streamlined local government and improved efficiency in service delivery. This funding could provide an incentive for LAFCOs or smaller districts to start a dissolution or consolidation process. Participants in the Commission's public process suggested the Strategic Growth Council or Department of Conservation could administer this one-time funding.

Recommendation 3: The Legislature should enact and the Governor should sign SB 448 (Wieckowski) which would provide LAFCOs the statutory authority to conduct reviews of inactive districts and to dissolve them without the action being subject to protest and a costly election process.

There has been no formal review to determine the number of inactive special districts – those that hold no meetings and conduct no public business. Rough estimates gauge the number to be in the dozens. Simplifying the LAFCOs' legal dissolution process would represent a significant step toward trimming district rolls in California. The Commission supports SB 448 and encourages the Legislature to enact the measure and for the Governor to sign the bill.

Recommendation 4: The Governor should sign AB 979 (Lackey), co-sponsored by the California Special Districts Association and the California Association of Local Agency Formation Commissions. The bill would strengthen LAFCOs by easing a process to add special district representatives to the 28 county LAFCOs where districts have no voice.

The Cortese-Knox-Hertzberg Reorganization Act of 2000 (AB 2838, Hertzberg) provided the option to add two special district members to county LAFCOs to broaden local governing perspectives. Nearly two decades later, 30 counties have special district representatives on their LAFCOs alongside city council members and county supervisors. This change provides LAFCOs a more diverse decision-making foundation and stronger finances. But 28 counties, mostly in rural California have not added special district representatives to their LAFCO governing boards, citing scarce resources. Presently, a majority of a county's special districts must pass individual resolutions within one year supporting a change. This has repeatedly proved itself a formidable obstacle to broadening the outlook of local LAFCOs. AB 979 (Lackey) would allow a simple one-time election process where districts could easily – and simultaneously – decide the question.

Recommendation 5: The Legislature should adopt legislation to give LAFCO members fixed terms, to ease political pressures in controversial votes and enhance the independence of LAFCOs.

The California Association of Local Agency Formation Commissions (CALAFCO) testified on August 25, 2016, that individual LAFCO members are expected to exercise their independent judgment on LAFCO issues rather than simply represent the interests of their appointing authority. But this is easier said than done when representatives serve on an at-will basis. The CALAFCO hearing witness said unpopular votes have resulted in LAFCO board members being removed from their positions. Fixed terms would allow voting members to more freely exercise the appropriate independence in decision-making.

Recommendation 6: The Legislature should convene an advisory committee to review the protest process for consolidations and dissolutions of special districts and to develop legislation to simplify and create consistency in the process.

Complicated and inconsistent processes potentially impact a LAFCO's ability to initiate a dissolution or consolidation of a district. If 10 percent of district constituents protest a LAFCO's proposed special district consolidation, a public vote is required. If a special district initiates the consolidation, then a public vote is required if 25 percent of the affected constituents protest. Additionally, the LAFCO must pay for all costs for studies and elections if it initiates a consolidation proposal, whereas the district pays these costs if it proposes or requests the consolidation. Various participants in the Commission's public process cautioned against setting yet another arbitrary threshold and advised the issue warranted further study before proposing legislative changes. They called for more consistency in the process.

Recommendation 7: The Legislature should require every special district to have a published policy for reserve funds, including the size and purpose of reserves and how they are invested.

The Commission heard a great deal about the need for adequate reserves, particularly from special districts with large infrastructure investments. The Commission also heard concerns that reserves were too large. To better articulate the need for and the size of reserves, special districts should adopt policies for reserve funds and make these policies easily available to the public.

Recommendation 8: The State Controller's Office should standardize definitions of special district financial reserves for state reporting purposes.

Presently, it is difficult to assess actual reserve levels held by districts that define their numbers one way and the State Controller's Office which defines them another way. The State Controller's Office is working to standardize numbers following a year-long consultation with a task force of cities, counties and special districts. To improve transparency on reserves, a subject that still eludes effective public scrutiny, they should push this project to the finish line as a high priority.

Improving Transparency and Public Involvement

Because there are thousands of special districts in California, performing tasks as varied as managing water supply to managing rural cemeteries, the public has little practical ability to ascertain the functionality of special districts, including the scope of services these local districts provide, their funding sources, the use of such funds and their governance structure. Although publicly elected boards manage independent special districts, constituents lack adequate resources to identify their local districts much less the board members who collect and spend their money.

The Commission saw a number of opportunities for special districts to do a better job communicating with the public, primarily through improvements to district websites and more clearly articulating financing policies, including adopting and making publicly available fund reserve policies. Existing law requires special districts with a website to post meeting agendas and to post or provide links to compensation reports and financial transaction reports that are required to be submitted to the State Controller's Office. The State Controller's Office – despite having a software platform from the late 1990s – attempts to make all the information it receives as accessible as possible.

Many special districts already utilize their websites to effectively communicate with their constituents and voluntarily follow the nonprofit Special District Leadership Foundation's transparency guidelines and receive the foundation's District Transparency Certificate of Excellence. But often, these districts are the exception and not the rule. The Commission makes three recommendations to improve special district transparency and to better engage the public served by the districts:

Recommendation 9: The Legislature should require that every special district have a website.

Key components should include:

- Name, location, contact information
- Services provided
- Governance structure of the district, including election information and the process for constituents to run for board positions
- Compensation details total staff compensation, including salary, pensions and benefits, or a link to this information on the State Controller's website
- Budget (including annual revenues and the sources of such revenues, including without limitation, fees, property taxes and other assessments, bond debt, expenditures and reserve amounts)
- Reserve fund policy
- Geographic area served
- Most recent Municipal Service Review
- Most recent annual financial report provided to the State Controller's Office, or a link to this information on the State Controller's website
- Link to the Local Agency Formation Commission and any state agency providing oversight

Exemptions should be considered for districts that fall under a determined size based on revenue and/or number of employees. For districts in geographic locations without reliable Internet access, this same information should be available at the local library or other public building open and accessible to the public, until reliable Internet access becomes available statewide.

Building on this recommendation, every LAFCO should have a website that includes a list and links to all of the public agencies within each county service area and a copy of all of the most current Municipal Service Reviews. Many LAFCOs currently provide this information and some go further by providing data on revenues from property taxes

and user fees, debt service and fund balance changes for all the local governments within the service area. At a minimum, a link to each agency would enable the public to better understand the local oversight authority of LAFCOs and who to contact when a problem arises.

Recommendation 10: The State Controller's Office should disaggregate information provided by independent special districts from dependent districts, nonprofits and joint powers authorities.

Over the course of this study, the Commission utilized data available on the State Controller's website to attempt to draw general conclusions about independent special districts, such as overall revenues, number of employees and employee compensation. Presently, it is difficult to do this without assistance as information for independent districts is mixed with various other entities.

Recommendation 11: The California Special Districts Association, working with experts in public outreach and engagement, should develop best practices for independent special district outreach to the public on opportunities to serve on boards.

The Commission heard anecdotally that the public does not understand special district governance, does not often participate or attend special district board meetings and often does not know enough about candidates running to fill board positions. Often, the public fails to cast a vote for down-ballot races. Two county registrars provided the Commission information that showed in many instances those who voted for federal or statewide offices did not vote for local government officials at the same rate, whether they were city council positions, special district positions or local school or community college district positions.

What is the Role for Healthcare Districts?

The Commission found in its review that special districts were as diverse as the services provided and the millions of Californians served. To gain deeper insight on one type of local government service provider, the Commission took a closer look at an often-controversial group: healthcare districts that no longer operate hospitals. These entities struggle to explain their relevance within the rapidly evolving healthcare industry,

which emphasizes preventative care over hospitalization. Amid uncertainty about the future of the Affordable Care Act, many of these districts claim they are carving out new roles in preventative care. Yet the Legislature, local grand juries, LAFCOs and healthcare analysts continue to question their relevance and need to exist. Presently, just 37 of 79 California healthcare districts operate 39 hospitals, mostly in rural areas with few competitors or other alternatives - and few suggest the need to dissolve those districts.

Controversy tends to afflict districts in former rural areas that became suburbanized in recent decades and grew into competitive healthcare markets. The 2015-16 legislative session included a rash of legislation that considered whether to force district dissolutions or modify district boundaries - even though those decisions are the responsibility of LAFCOs. Nonetheless, most healthcare districts officials continue to maintain they are more flexible than counties in defining priorities and are pioneering a new era of preventative care under the umbrella of "wellness." Officials say their districts are misunderstood by critics who lack understanding about how much the healthcare landscape is changing. They also say that local voters generally support their local missions and how they allocate their share of property taxes in the community.

As part of its special districts review, the Commission convened a two-hour advisory committee with experts to shed light on healthcare districts. During the course of the Commission's study, the Association of Healthcare Districts convened a workgroup to develop recommendations, in part, in response to legislative scrutiny. These recommendations were considered and discussed during the November advisory committee meeting. Participants analyzed whether counties or healthcare districts are best positioned as local and regional healthcare providers and discussed the role of LAFCOs in consolidating, dissolving or steering healthcare districts toward more relevant roles. During the meeting Commissioners also pushed districts to share and adopt best practices and define better metrics to measure what they are accomplishing with their shares of local property taxes. Three Commission recommendations arose from the discussion as well as numerous interviews with experts during the study:

Recommendation 12: The Legislature should update the 1945 legislative "practice acts" that enabled voters to create local hospital districts, renamed healthcare districts in the early 1990s.

Experts widely agree that statutory language in the acts no longer reflects the evolution of healthcare during the past seventy years, particularly the shift from hospital-based healthcare to modern preventive care models.

Recommendation 13: The Legislature, which has been increasingly inclined to override local LAFCO processes and authority to press changes on healthcare districts, should defer these decisions to LAFCOs.

LAFCOs have shown successes in shaping the healthcare district landscape and should be the primary driver of change. Given the controversies over healthcare districts, the California Association of Local Agency Formation Commissions and LAFCOs should be at the forefront of studying the relevance of healthcare districts, potential consolidations and dissolutions of districts. To repeat a theme of Recommendation 1, the Legislature should retain its authority to dissolve healthcare districts or modify boundaries, but this authority should be limited to cases in which local political elites are so intransigent or negligent – or so beholden to local power structures – that some form of higher political authority is deemed necessary.

Recommendation 14: The Association of California Healthcare Districts and its member districts should step up efforts to define and share best practices among themselves.

A Commission advisory committee meeting discussion clearly showed that not enough thought or interest has been assigned to sharing what works best in rural, suburban and urban areas among members. The association should formally survey its members and collectively define their leading best practices and models for healthcare, as well as guidelines to improve the impacts of grantmaking in communities.

Front-line Roles for Climate Change Adaptation

At the Commission's August 25, 2016, hearing, Chair Pedro Nava asked a simple question of special district attendees vigorously defending their need for robust reserve funds:

How are they assessing future climate change impacts when amassing reserves for long-range infrastructure spending? That question, rooted in the Commission's 2014 climate adaptation report *Governing California Through Climate Change*, became the genesis of a deeper exploration of awareness of and preparations for climate change among special districts. In an October 27, 2016, hearing focused on special districts efforts to adapt to climate change, the Commission learned that:

- Special districts, even while vastly outnumbering cities and counties in California, have generally not participated at the levels of cities and counties in the state's emerging climate adaptation information gathering and strategizing. Often that is because they lack landuse authority. Nonetheless, it is critical that their experienced voices be at the table.
- Many larger infrastructure-intensive water, wastewater and flood control districts stand at the forefront nationally in preparing for the varying, changing precipitation patterns – too much or too little water – at the heart of anticipated climate change impacts.

The Commission found it encouraging that many special districts are reducing the need for imported water by diversifying supplies and producing vastly more recycled water. Districts also are steering more stormwater runoff in wet years into groundwater recharge basins for use in dry years. The actions that all agencies must eventually take are already being done by some. The Commission agreed that these leading-edge actions and infrastructure spending strategies represent models for other districts to follow. Accordingly, the Commission makes six recommendations focused on climate change adaptation:

Recommendation 15: The Legislature should place a requirement that special districts with infrastructure subject to the effects of climate change should formally consider long-term needs for adaptation in capital infrastructure plans, master plans and other relevant documents.

Most special districts, especially the legions of small districts throughout California, have their hands full meeting their daily responsibilities. Many have few resources and little staff time to consider long-range issues, particularly those with the heavy uncertainty of

climate change adaptation. Making climate change a consideration in developing capital infrastructure plans and other relevant planning documents would formally and legally elevate issues of adaptation and mitigation, especially for districts where immediate concerns make it too easy to disregard the future.

Recommendation 16: The California Special Districts Association (CSDA), in conjunction with its member districts, should document and share climate adaptation experiences with the Integrated Climate Adaptation and Resilience Program's adaptation information clearinghouse being established within the Governor's Office of Planning and Research (OPR). Similarly, CSDA and member districts should step up engagement in the state's current Fourth Assessment of climate threats, a state research project designed to support the implementation of local adaptation activities. The CSDA also should promote climate adaptation information sharing among its members to help districts with fewer resources plan for climate impacts and take actions.

The OPR clearinghouse promises to be the definitive source of climate adaptation planning information for local governments throughout California. At the Commission's October 27, 2016, hearing, an OPR representative invited more district participation in state climate adaptation processes. It is critical that special districts and their associations assume a larger participatory role – both within state government and among their memberships – to expand the knowledge base for local governments statewide.

Recommendation 17: The state should conduct a study - by either a university or an appropriate state department - to assess the effect of requiring real estate transactions to trigger an inspection of sewer lines on the property and require repairs if broken.

The responsibility to safeguard California and adequately adapt to climate change impacts falls on every resident of California. This begins at home with maintenance and upgrading of aging sewer laterals. Requiring inspections and repairs during individual property transactions is an optimum way to slowly rebuild a region's collective wastewater infrastructure in the face of climate change. At the community level, repairs will help prevent excess stormwater during major climate events from overwhelming wastewater systems and triggering sewage

spills into public waterways. The Oakland-based East Bay Municipal Utility District has instituted an ordinance that requires property owners to have their private sewer laterals inspected if they buy or sell a property, build or remodel or increase the size of their water meter. If the lateral is found to be leaking or damaged, it must be repaired or replaced. The state should consider implementing this policy statewide.

Recommendation 18: State regulatory agencies should explore the beginnings of a new regulatory framework that incorporates adaptable baselines when defining a status quo as climate impacts mount.

With climate change what has happened historically will often be of little help in guiding regulatory actions. State regulations designed to preserve geographical or natural conditions that are no longer possible or no longer exist already are creating problems for special districts. Wastewater agencies, for example, face conflicting regulations as they divert more wastewater flows to water recycling for human needs and less to streams historically home to wildlife that may or may not continue to live there as the climate changes. While it is not easy for regulators to work with moving targets or baselines, climate change is an entirely new kind of status quo that requires an entirely new approach to regulation.

Recommendation 19: The California Special Districts Association, and special districts, as some of the closestto-the-ground local governments in California, should step up public engagement on climate adaptation, and inform and support people and businesses to take actions that increase their individual and community-wide defenses.

Special districts are uniquely suited to communicate with and help prepare millions of Californians for the impacts of climate change. Nearly all have public affairs representatives increasingly skilled at reaching residents through newsletters, social media and public forums. District staff grapple constantly with new ways to increase their visibility. Many will find they can build powerful new levels of public trust by helping to prepare their communities for the uncertainty ahead.

Recommendation 20: The California Special Districts Association and special districts should lead efforts to seek and form regional partnerships to maximize climate adaptation resources and benefits.

Water, wastewater and flood control districts are already bringing numerous agencies to the table to pool money, brainpower and resources for big regional projects. The East Bay Municipal Utility District has arrangements with many Bay Area and Central Valley water agencies to identify and steer water to where it is most needed for routine demands and emergencies alike. The Metropolitan Water District and Sanitation Districts of Los Angeles County also increasingly pool their joint resources to steer more recycled water to groundwater recharge basins for dry years. Likewise, the Santa Clara Valley Water district and other state and federal agencies are collectively planning and funding 18 miles of levees to protect the region from sea level rise. These partnerships among special districts and other government agencies clearly hint at what will be increasingly necessary as climate impacts begin to mount.

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CALAFCO Daily Legislative Report as of Thursday, November 09, 2017

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AB 464 (Gallagher R) Local government reorganization.

Current Text: Chaptered: 7/10/2017 Text

Introduced: 2/13/2017 Last Amended: 3/14/2017

Status: 7/10/2017-Approved by the Governor. Chaptered by Secretary of State - Chapter

43, Statutes of 2017.

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Summary:

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.

Attachments:

CALAFCO Letter Requesting Governor Signature
CALAFCO Letter of Support April 2017

Position: Sponsor

Subject: Annexation Proceedings

CALAFCO Comments: This bill makes a fix to Gov. Code Sec. 56653 based on the court finding in the case of The City of Patterson v. Turlock Irrigation District. The court found that because the services were already being provided via an out of area service agreement, the application for annexation was deemed incomplete because it was not a new service to be provided. By making the fix in statute, any pending/future annexation for a territory that is already receiving services via an out of area service agreement will not be in jeopardy.

As amended, corrections were made to: 56653(b)(3) reading "proposed" rather than "provided", and in Government Code Section 56857 an exemption added pursuant to Public Utilities Code Section 9608 for territory already receiving electrical service under a service area agreement approved by the Public Utilities Commission pursuant to Public Utilities Code Section 9608.

AB 979 (Lackey R) Local agency formation commissions: district representation.

Current Text: Chaptered: 9/1/2017 Text

Introduced: 2/16/2017 **Last Amended:** 5/15/2017

Status: 9/1/2017-Approved by the Governor. Chaptered by Secretary of State - Chapter

203, Statutes of 2017.

Desk	Policy	Fiscal	Floor	Desk	Policy	Fiscal	Floor	Conf.	Enrolled	Votood	Chantered	
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Summary:

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. This bill would additionally require the executive officer to call and hold a meeting of the special district selection committee upon the adoption of a resolution of intention by the committee relating to proceedings for representation of independent special districts upon the commission pursuant to specified law.

Attachments:

CALAFCO Request Governor Signature August 2017
CALAFCO Sponsor/Support Letter April 2017

Position: Sponsor

Subject: CKH General Procedures

CALAFCO Comments: This bill is co-sponsored by CALAFCO and CSDA. As amended, the bill amends code Sec. 56332.5 to streamline the process of seating special districts on LAFCo by mirroring current statute 56332 (the process for electing special district representatives into the special district seats). Keeping the process voluntary, it allows for voting by mail whether or not the district wants to have special districts represented on LAFCo. Further, it will allow for the consolidation of that question with the independent special district selection committee appointment to a countywide redevelopment agency oversight board pursuant to Health and Safety Code 34179 (j)(3).

AB 1361 (Garcia, Eduardo D) Municipal water districts: water service: Indian tribes.

Current Text: Chaptered: 10/3/2017 Text

Introduced: 2/17/2017 **Last Amended:** 9/8/2017

Status: 10/3/2017-Approved by the Governor. Chaptered by Secretary of State - Chapter

449, Statutes of 2017.

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Summary:

The Municipal Water District Law of 1911 provides for the formation of municipal water districts and grants to those districts specified powers. Current law permits a district to acquire, control, distribute, store, spread, sink, treat, purify, recycle, recapture, and salvage any water for the beneficial use of the district, its inhabitants, or the owners of rights to water in the district. Current law, upon the request of certain Indian tribes and the satisfaction of certain conditions, requires a district to provide service of water at substantially the same terms applicable to the customers of the district to the Indian tribe's lands that are not within a district, as prescribed. This bill would authorize a district to apply to the applicable local agency formation commission to provide this service of water to Indian lands, as defined, that are not within the district.

Attachments:

CALAFCO Oppose letter 09 01 17 CALAFCO Oppose letter 07 12 17

Position: Oppose **Subject:** Water

CALAFCO Comments: As amended, this bill allows water districts to provide service to an Indian tribe's lands that are not within the district boundaries without going through the current statutory process of approval by the local agency formation commission (LAFCo). Amendments were taken by the author during the Senate Governance and Finance Committee hearing July 19 that include LAFCo's ability to apply certain terms and conditions to the application by the water agency and limits the land to be served to lands in trust. However, CALAFCO still has a number of concerns and will continue to work with the author and sponsor.

AB 1725 (Committee on Local Government) Local agency formation.

Current Text: Chaptered: 9/28/2017 Text

Introduced: 3/20/2017 **Last Amended:** 7/20/2017

Status: 9/28/2017-Approved by the Governor. Chaptered by Secretary of State - Chapter

353, Statutes of 2017.

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1st House	2nd House	Conc. Enrolled	Vetoed	Chaptered

Summary:

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. The act defines various terms for these purposes, including the term "contiguous," which the act defines as territory adjacent to territory within the local agency. This bill would instead define "contiguous" as territory that abuts or shares a common boundary with territory within a local agency.

Attachments:

CALAFCO Letter Requesting Governor Signature
CALAFCO Letter of Support April 2017

Position: Sponsor

Subject: CKH General Procedures

CALAFCO Comments: This is the annual Omnibus bill. The bill makes only minor, non-

substantive technical changes to CKH.

SB 37 (Roth D) Local government finance: property tax revenue allocations: vehicle license fee adjustments.

Current Text: Introduced: 12/5/2016 Text

Introduced: 12/5/2016

Status: 5/26/2017-Failed Deadline pursuant to Rule 61(a)(5). (Last location was APPR.

SUSPENSE FILE on 5/25/2017)(May be acted upon Jan 2018)

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Summary:

Beginning with the 2004–05 fiscal year and for each fiscal year thereafter, existing law requires that each city, county, and city and county receive additional property tax revenues in the form of a vehicle license fee adjustment amount, as defined, from a Vehicle License Fee Property Tax Compensation Fund that exists in each county treasury. Current law requires that these additional allocations be funded from ad valorem property tax revenues otherwise required to be allocated to educational entities. This bill would modify these reduction and transfer provisions for a city incorporating after January 1, 2004, and on or before January 1, 2012, for the 2017–18 fiscal year and for each fiscal year thereafter, by providing for a vehicle license fee adjustment amount calculated on the basis of changes in assessed valuation.

Attachments:

CALAFCO Support Letter Feb 2017

Position: Support

Subject: Financial Viability of Agencies, Tax Allocation

CALAFCO Comments: This bill is identical to SB 817 (Roth, 2016), SB 25 (Roth, 2015) and SB 69 (Roth, 2014) with the exception of the chaptering out language included in the 2016 version (which addressed the companion bill AB 2277 (Melendez, 2016)). The bill calls for reinstatement of the VLF through ERAF for cities that incorporated between January 1, 2004 and January 1, 2012. There are no provisions for back payments for lost revenue, but the bill does reinstate future payments beginning in the 2017/18 year for cities that incorporated between 1-1-2004 and 1-1-2012.

SB 448 (Wieckowski D) Local government: organization: districts.

Current Text: Chaptered: 9/27/2017 Text

Introduced: 2/15/2017 **Last Amended:** 7/17/2017

Status: 9/27/2017-Approved by the Governor. Chaptered by Secretary of State. Chapter

334, Statutes of 2017.

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Summary:

Current law 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 instead require special districts defined by a specified provision to file those audit reports with the Controller and special districts defined by another specified provision to file those audit reports with the Controller and 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, with each local agency formation commission within each county in which the district is located.

Attachments:

CALAFCO Support Letter July 2017
CALAFCO Oppose Unless Amended Letter

Position: Support

Subject: CKH General Procedures

CALAFCO Comments: As amended on July 17, this bill authorizes LAFCo to dissolve inactive districts (after determining they meet the criteria set forth in the statute) by holding one hearing, without conducting a special study and with the waiver of protest proceedings. The State Controller is required to notify LAFCo when a district is inactive. LAFCo then has 90 days to initiate dissolution, and another 90 days in which to hold the hearing to dissolve. Should the LAFCo determine the district does not meet the criteria, no dissolution occurs and LAFCo notifies the Controller the district is not inactive. Should the LAFCo determine the district does meet the criteria then it is ordered to be dissolved. The bill also requires a district to provide LAFCo with their audits at the same time they provide them to the Controller.

All of our issues have been resolved with the current version and as a result our position has been changed from Oppose Unless Amended to Support.

3

AB 267 (Waldron R) Community services districts.

Current Text: Introduced: 2/1/2017 Text

Introduced: 2/1/2017

Status: 5/12/2017-Failed Deadline pursuant to Rule 61(a)(3). (Last location was PRINT

on 2/1/2017)(May be acted upon Jan 2018)

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Summary:

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Current law provides for the organization and powers of community services districts, including the continuation of any community services district, improvement district of a community services district, or zone of a community services district, that was in existence on January 1, 2006. This bill would make nonsubstantive changes to these provisions.

Position: Watch

CALAFCO Comments: According to the author's office this is a spot bill.

AB 548 (Steinorth R) Omnitrans Transit District.

Current Text: Amended: 4/4/2017 Text

Introduced: 2/14/2017 **Last Amended:** 4/4/2017

Status: 4/28/2017-Failed Deadline pursuant to Rule 61(a)(2). (Last location was TRANS.

on 3/23/2017)(May be acted upon Jan 2018)

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11/9/2017, 9:01 AM

Summary:

Would create the Omnitrans Transit District in the County of San Bernardino. The bill would provide that the jurisdiction of the district would initially include the Cities of Chino, Chino Hills, Colton, Fontana, Grand Terrace, Highland, Loma Linda, Montclair, Ontario, Rancho Cucamonga, Redlands, Rialto, San Bernardino, Upland, and Yucaipa, and unspecified portions of the unincorporated areas of the County of San Bernardino. The bill would authorize other cities in the County of San Bernardino to subsequently join the district.

Position: None at this time

CALAFCO Comments: This bill, as amended, appears to dissolve the Omnitrans JPA and form a new independent special district to be knows as the Omnitrans Transit District. The formation process does not include LAFCo. CALAFCO is reaching out to the author's office for more details.

AB 577 (Caballero D) Disadvantaged communities.

Current Text: Amended: 3/9/2017 Text

Introduced: 2/14/2017 **Last Amended:** 3/9/2017

Status: 4/28/2017-Failed Deadline pursuant to Rule 61(a)(2). (Last location was E.S. &

T.M. on 2/27/2017)(May be acted upon Jan 2018)

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Summary:

Current law defines a disadvantaged community as a community with an annual median household income that is less than 80% of the statewide annual median household income for various purposes, that include, but are not limited to, the Water Quality, Supply, and Infrastructure Improvement Act of 2014, eligibility for certain entities to apply for funds from the State Water Pollution Cleanup and Abatement Account, and authorization for a community revitalization and investment authority to carry out a community revitalization plan. This bill would expand the definition of a disadvantaged community to include a community with an annual per capita income that is less than 80% of the statewide annual per capita income.

Position: Watch

Subject: Disadvantaged Communities

CALAFCO Comments: Sponsored by the Environmental Justice Coalition for Water, this bill is intended to expand the definition of disadvantaged communities to include multifamily households. According to the author's office this will be a two-year bill. CALAFCO will retain a Watch position until any amendments are in print.

AB 645 (Quirk D) Local government: organization: dissolution.

Current Text: Introduced: 2/14/2017 Text

Introduced: 2/14/2017

Status: 5/12/2017-Failed Deadline pursuant to Rule 61(a)(3). (Last location was L. GOV.

on 3/2/2017)(May be acted upon Jan 2018)

Desk	2 year	Fiscal	Floor	Desk	Policy	Fiscal	Floor	Conf.	P		
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Summary:

Under current law, if a change of organization consists of a dissolution, the commission is required to order the dissolution subject to confirmation of voters if, among other things, the proposal was not initiated by the commission and if a subject agency has not objected to the proposal, the commission has found that, for an inhabited territory protests have been signed by either 25% of the number of landowners within the affected territory who own at least 25% of the assessed value of land within the territory or 25% of the voters entitled to vote as a result of residing or owning land within the affected territory. This bill would decrease that threshold to 10% of the number of landowners within the affected territory who own at least 25% of the assessed value of land within the territory or 10% of

the voters entitled to vote as a result of residing or owning land within the affected territory.

Position: Watch

Subject: CKH General Procedures, Disincorporation/dissolution, Special District

Consolidations

CALAFCO Comments: According to the author's office this is a spot bill pending the outcome of the Alameda LAFCo special study on Eden Healthcare District. Update: The author's office indicates they will hold off moving this bill. CALAFCO will continue to Watch.

AB 892 (Waldron R) Municipal water districts: water service: Indian tribes.

Current Text: Amended: 3/23/2017 Text

Introduced: 2/16/2017 **Last Amended:** 3/23/2017

Status: 5/12/2017-Failed Deadline pursuant to Rule 61(a)(3). (Last location was L. GOV.

on 3/23/2017)(May be acted upon Jan 2018)

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Summary:

Current law, upon the request of certain Indian tribes and the satisfaction of certain conditions, requires a district to provide service of water at substantially the same terms applicable to the customers of the district to the Indian tribe's lands that are not within a district, as prescribed. This bill would authorize, rather than require, a district to provide this service of water. The bill would apply this authorization to all Indian tribes whose lands are owned by the tribe.

Position: Watch **Subject:** Water

CALAFCO Comments: According to the author's office, this may very well become a two-year bill. The intent of the bill was to make it permissive for an Indian tribe to negotiate directly with a water provider to obtain water services. This would circumvent LAFCo. This bill expands on last year's bill by Gonzalez-Fletcher, AB 2470. The author's office has indicated the bill will not move forward in it's current version. They understand CALAFCO's concerns. CALAFCO will continue to monitor the bill for any amendments and will consider a position if/when amendments are in print.

AB 1479 (Bonta D) Public records: custodian of records: civil penalties.

Current Text: Vetoed: 10/13/2017 Text

Introduced: 2/17/2017 **Last Amended:** 9/1/2017

Status: 10/13/2017-Vetoed by Governor.

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Summary:

Would, until January 1, 2023, require public agencies to designate a person or persons, or office or offices to act as the agency's custodian of records who is responsible for responding to any request made pursuant to the California Public Records Act and any inquiry from the public about a decision by the agency to deny a request for records. The bill also would make other conforming changes. Because the bill would require local agencies to perform additional duties, the bill would impose a state-mandated local program.

Position: Oppose

Subject: Public Records Act

CALAFCO Comments: As amended this bill requires any public agency to designate a person/office to act as the agency's custodian of records who will be responsible for responding to all public records requests and to respond to an inquiries as to why the agency denied the request for records. Further the bill adds a failure to respond for

records or an improperly assessed fee can be considered a civil penalty and allows the courts to issue fines ranging from \$1000 - \$5000.

AB 1728 (Committee on Local Government) Health care districts: board of directors.

Current Text: Chaptered: 9/23/2017 Text

Introduced: 3/22/2017

Status: 9/23/2017-Approved by the Governor. Chaptered by Secretary of State - Chapter

265, Statutes of 2017.

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1st House	2nd House	Conc.	Enrolled	vetoed	Chaptered

Summary:

Each health care district has a board of directors with specific duties and powers respecting the creation, administration, and maintenance of the district, including purchasing, receiving, having, taking, holding, leasing, using, and enjoying property. This bill would require the board of directors to adopt an annual budget in a public meeting, on or before September 1 of each year, that conforms to generally accepted accounting and budgeting procedures for special districts, establish and maintain an Internet Web site that lists contact information for the district, and adopt annual policies for providing assistance or grant funding, if the district provides assistance or grants.

Attachments:

AB 1728 CALAFCO Letter of Support

Position: Support **Subject:** Other

CALAFCO Comments: As introduced, this bill requires healthcare districts to adopt annual budgets, establish and maintain a website (and prescribes the required site

content), and adopt policies for grant funding.

SB 206 (Committee on Governance and Finance) Validations.

Current Text: Chaptered: 7/10/2017 Text

Introduced: 2/1/2017

Status: 7/10/2017-Approved by the Governor. Chaptered by Secretary of State. Chapter

57, Statutes of 2017.

	Desk	Policy	Fiscal	Floor			Conf.	Enrolled	\/-t	61		
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Summary:

This bill would enact the First Validating Act of 2017, which would validate the organization, boundaries, acts, proceedings, and bonds of the state and counties, cities, and specified districts, agencies, and entities. This bill contains other related provisions.

Attachments:

CALAFCO Letter Requesting Governor Signature 06 26 17 CALAFCO Support Feb 2017

Position: Support

Subject: LAFCo Administration

CALAFCO Comments: One of three annual acts which validate the boundaries of all local

agencies.

SB 207 (Committee on Governance and Finance) Validations.

Current Text: Chaptered: 7/10/2017 Text

Introduced: 2/1/2017

Status: 7/10/2017-Approved by the Governor. Chaptered by Secretary of State. Chapter

58, Statutes of 2017.

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Summary:

This bill would enact the Second Validating Act of 2017, which would validate the organization, boundaries, acts, proceedings, and bonds of the state and counties, cities,

and specified districts, agencies, and entities. This bill contains other related provisions.

Attachments:

CALAFCO Letter Requesting Governor Signature 06 26 17

CALAFCO Support Feb 2017

Position: Support

Subject: LAFCo Administration

CALAFCO Comments: One of three annual acts which validate the boundaries of all local

agencies.

SB 208 (Committee on Governance and Finance) Validations.

Current Text: Chaptered: 7/10/2017 Text

Introduced: 2/1/2017

Status: 7/10/2017-Approved by the Governor. Chaptered by Secretary of State. Chapter

59, Statutes of 2017.

Desk	Policy	Fiscal	Floor	Desk	Policy	Fiscal	Floor	Conf.	F		
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Summary:

This bill would enact the Third Validating Act of 2017, which would validate the organization, boundaries, acts, proceedings, and bonds of the state and counties, cities, and specified districts, agencies, and entities.

Attachments:

<u>CALAFCO Letter Requesting Governor Signature 06 26 17</u> <u>CALAFCO Support Letter Feb 2017</u>

Position: Support

Subject: LAFCo Administration

CALAFCO Comments: One of three annual acts which validate the boundaries of all local

agencies.

SB 365 (Dodd D) Regional park and open-space districts: County of Solano.

Current Text: Chaptered: 9/1/2017 Text

Introduced: 2/14/2017 **Last Amended:** 7/13/2017

Status: 9/1/2017-Approved by the Governor. Chaptered by Secretary of State. Chapter

216, Statutes of 2017.

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Summary:

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 a requirement that the resolution call an election, as prescribed.

Attachments:

SB 365 CALAFCO Letter of Oppose 03 28 17

Position: Oppose

Subject: LAFCo Administration

CALAFCO Comments: This bill calls for the formation of a regional park and open space

district which will circumvent the LAFCo formation process.

SB 435 (Dodd D) Williamson Act: payments to local governments.

Current Text: Amended: 5/2/2017 Text

Introduced: 2/15/2017 **Last Amended:** 5/2/2017

Status: 5/25/2017-May 25 hearing: Held in committee and under submission.

Desk	Policy	Fiscal	Floor	Desk	Policy	Fiscal	Floor	Conf.			
1st House					2nd F	louse		Conc.	Enrolled	Vetoed	Chaptered

Summary:

Would, under the Williamson act, reduce the amount per acre paid to a city, county, or city and county under these provisions to \$2.50 for prime agricultural land, \$0.50 for all other land devoted to open-space uses of statewide significance, and, for counties that have adopted farmland security zones, \$4 for land that is within, or within 3 miles of the sphere of influence of, each incorporated city.

Attachments:

CALAFCO Support Letter May 2017

Position: Support

Subject: Ag Preservation - Williamson

CALAFCO Comments: This bill renews partial subvention funding for the Williamson Act as a fiscal incentive to lift contract moratoria, implements solar use easements and Farmland Security Zone Contracts, and increases subvention funding for counties that adopt conservation planning strategies for agriculturally zoned property that further our

state's sustainable community goals.

SB 522 (**Glazer** D) West Contra Costa Healthcare District.

Current Text: Amended: 9/12/2017 Text

Introduced: 2/16/2017 **Last Amended:** 9/12/2017

Status: 9/15/2017-Withdrawn from committee. Re-referred to Com. on RLS.

Desk	Policy	Fiscal	Floor	Desk	Policy	Fiscal	Floor	Conf.	E		
	1st F	louse			2nd F	louse		Conc.	Enrolled	Vetoed	Chaptered

Summary:

Current law provides for the formation of local health care districts and specifies district powers. Under existing law, the elective officers of a local hospital district consist of a board of hospital directors consisting of 5 members, each of whom is required to be a registered voter residing in the district and whose term shall be 4 years, except as specified. This bill would dissolve the existing elected board of directors of the West Contra Costa Healthcare District, effective January 1, 2019, and would require the Board of Supervisors of the County of Contra Costa, at its election, to either serve as the district board or appoint a district board, as specified.

Position: Watch

Subject: Special Districts Governance

SB 623 (Monning D) Water quality: Safe and Affordable Drinking Water Fund.

Current Text: Amended: 8/21/2017 Text

Introduced: 2/17/2017 **Last Amended:** 8/21/2017

Status: 9/1/2017-From committee: Without recommendation. (Ayes 11. Noes 0.)

(September 1) Re-referred to Com. on RLS.

Desk				Desk	Policy	Fiscal	Floor	Conf.	F		
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Summary:

Would establish the Safe and Affordable Drinking Water Fund in the State Treasury and would provide that moneys in the fund are continuously appropriated to the State Water Resources Control Board. The bill would require the board to administer the fund to secure access to safe drinking water for all Californians, while also ensuring the long-term sustainability of drinking water service and infrastructure. The bill would authorize the state board to provide for the deposit into the fund of federal contributions, voluntary contributions, gifts, grants, bequests, and settlements from parties responsible for contamination of drinking water supplies.

Position: None at this time

Subject: Water

SB 634 (Wilk R) Santa Clarita Valley Water Agency.

Current Text: Chaptered: 10/16/2017 Text

Introduced: 2/17/2017 **Last Amended:** 9/8/2017

Status: 10/15/2017-Approved by the Governor. Chaptered by Secretary of State. Chapter

833, Statutes of 2017.

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Summary:

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.

Attachments:

CALAFCO Letter Removing Opposition 06 26 17
CALAFCO Letter Oppose Unless Amended 03 27 17

Position: Neutral

Subject: Special District Consolidations

CALAFCO Comments: As amended, this bill consolidates two independent water districts in Los Angeles. The bill was amended to include LAFCo in the process via an application for binding conditions. As statute does not allow the local LAFCo to deny the application when both district boards have adopted resolutions of support, the amendments of May 26 address all of CALAFCO's concerns. As a result CALAFCO has removed our opposition and now is neutral on the bill.

SB 693 (Mendoza D) Lower San Gabriel River Recreation and Park District.

Current Text: Chaptered: 10/3/2017 Text

Introduced: 2/17/2017 **Last Amended:** 7/3/2017

Status: 10/3/2017-Approved by the Governor. Chaptered by Secretary of State. Chapter

466, Statutes of 2017.

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1st House				2nd House				Conc.	Enrolled	Vetoed	Chaptered

Summary:

Would specifically authorize the establishment of the Lower San Gabriel River Recreation and Park District, by petition or resolution submitted to the Los Angeles County Local Agency Formation Commission before January 1, 2020, subject to specified existing laws governing recreation and park districts, including their formation, except as provided. The bill would authorize specified city councils and the Los Angeles County Board of Supervisors to appoint members to, and the executive officer of the conservancy to serve as a member on, the initial board of directors of the district.

Position: Watch

Subject: LAFCo Administration

CALAFCO Comments: This bill forms the Lower San Gabriel River Recreation and Park District while leaving a majority of the LAFCo process intact. CALAFCO will keep watching

to ensure it stays that way.

Total Measures: 22 Total Tracking Forms: 22

11/9/2017 9:00:40 AM