



CONTRA COSTA LOCAL AGENCY FORMATION COMMISSION

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March 9, 2022
Agenda Item 9

March 9, 2022

Contra Costa Local Agency Formation Commission
40 Muir Road, 1st Floor
Martinez, CA 94553

Legislative Report - Update and Position Letter

Dear Members of the Commission:

The Legislature reconvened on January 3, 2022 for the second year of the two-year legislative cycle. CALAFCO is currently tracking 18 bills and is sponsoring the annual omnibus bill (Attachment 1). Included among the tracked bills are SB 852 (Dodd) which creates the *Climate Resilience Districts Act*. Which completely by-passes LAFCO. CALAFCO is meeting with the author to obtain more information and discuss concerns. CALAFCO is also tracking SB 418 (Laird) which creates the Pajaro Valley Healthcare District. The sponsor and authors are working CALAFCO and the affected LAFCOs.

Other CALAFCO legislative activities include working with San Diego LAFCO on revisions to Government Code section 56133 – out of agency service. At this time, San Diego and CALAFCO have been unable to secure a bill author.

Also, CALAFCO is sponsoring SB 938 (Hertzberg) which seeks to amend the LAFCO protest provisions. This bill is a culmination of three years of collaborative work by the 18-member protest provision rewrite working group. The bill will likely be set for hearing on March 31st in the Senate Governance & Finance Committee. CALAFCO is asking that support letters be submitted by Friday, March 25th. Attached please find a draft letter of support (Attachment 2) along with CALAFCO supporting material (Attachment 3 -7).

RECOMMENDATION – Provide input and direction regarding support letter for SB 938.

Sincerely,

LOU ANN TEXEIRA
EXECUTIVE OFFICER

Attachment 1 – CALAFCO Legislative Report
Attachment 2 – Letter of Support – SB 938
Attachment 3 – SB 938 - Bill
Attachment 4 – SB 938 CALAFCO Fact Sheet
Attachment 5 – SB 938 CALAFCO Support Letter
Attachment 6 – SB 938 LAFCO Protest Reforms Fact Sheet
Attachment 7 – Protest Threshold Resolution

CALAFCO Daily Legislative Report as of Wednesday, March 02, 2022

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[SB 938](#) ([Hertzberg D](#)) The Cortese-Knox-Hertzberg Local Government Reorganization Act of 2000: protest proceedings: procedural consolidation.

Current Text: Introduced: 2/8/2022 [html](#) [pdf](#)

Introduced: 2/8/2022

Status: 2/16/2022-Referred to Com. on GOV. & F.

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

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, except as specified. Under current law, in each county there is a local agency formation commission that oversees these changes of organization and reorganization. With a specified exception, current law provides for protest proceedings for a change of organization or reorganization following adoption of a resolution making certain determinations by the commission, as provided. Current law sets forth required procedures for the commission following a protest hearing depending on the nature of the conducting authority, as defined, the type of change of organization or reorganization, and the results of the protest proceeding. The bill would reorganize and consolidate the above-described procedures. The bill would make conforming changes and remove obsolete provisions.

Attachments:

[SB 938 LAFCo support letter template](#)

[SB 938 CALAFCO Support letter](#)

[SB 938 CALAFCO Fact Sheet](#)

[SB 938 Author Fact Sheet](#)

Position: Sponsor

Subject: CKH General Procedures, Other

CALAFCO Comments: CALAFCO is the sponsor of this bill. SB 839 represents a collaborative three-year effort (by an 18-member working group) to clean up, consolidate, and clarify existing statutory provisions associated with consolidations and dissolutions, as well as codify the conditions under which a LAFCo may initiate dissolution of a district at the 25 percent protest threshold. In response to a recommendation made in the 2017 Little Hoover Commission report (Special Districts: Improving Oversight and Transparency), CALAFCO initiated a working group of stakeholders in early 2019 to discuss the protest process for dissolutions of special districts.

The bill's current format (dated 2/8/22) represents the restructuring of existing protest provisions scattered throughout CKH. There have been some minor technical language added for clarifications. These changes are all minor in nature (by legislative standards).

The bill will be amended to reflect the newly designed process that codifies the ability for LAFCo to initiate a district dissolution at 25% protest threshold. The conditions under which this can occur include one or more of the following, any/all of which must be documented via determinations in a Municipal Service Review (MSR):

1. The agency has one or more documented chronic service provision deficiencies that substantially deviate from industry or trade association standards or other government regulations and its board or management is not actively engaged in efforts to remediate the documented service deficiencies;
2. The agency spent public funds in an unlawful or reckless manner inconsistent with the principal act or other statute governing the agency and has not taken any action to prevent similar future spending;
3. The agency has consistently shown willful neglect by failing to consistently adhere to the California Public Records Act and other public disclosure laws the agency is subject to;
4. The agency has failed to meet the minimum number of times required in its governing act in the prior calendar year and has taken no action to remediate the failures to meet to ensure future

5. The agency has consistently failed to perform timely audits in the prior three years, or failed to meet minimum financial requirements under Government Code section 26909 over the prior five years as an alternative to performing an audit, or the agency's recent annual audits show chronic issues with the agency's fiscal controls and the agency has taken no action to remediate the issues.

1. LAFCo to present the MSR in a 21-day noticed public hearing. At that time the LAFCo may choose to adopt a resolution of intent to dissolve the district. The resolution shall contain a minimum 12-month remediation period.
2. The district will have a minimum of 12 months to remediate the deficiencies.
3. Half-way through the remediation period, the district shall provide LAFCo a written report on the progress of their remediation efforts. The report is to be placed on a LAFCo meeting agenda and presented at that LAFCo meeting.
4. At the conclusion of the remediation period, LAFCo conducts another 21-day noticed public hearing to determine if district has remedied deficiencies. If the district has resolved issues, commission rescinds the resolution of intent to dissolve the district and the matter is dropped. If not, commission adopts a resolution making determinations to dissolve the district.
5. Standard 30-day reconsideration period.
6. Protest proceedings at 25% threshold can be noticed with a required 60-day protest period.
7. Protest hearing is held and amount of qualified protests determined based on 25% threshold. LAFCo either orders dissolution, election, or termination.

SB 1490 (Committee on Governance and Finance) Validations.

Status: 3/1/2022-From printer.

CALAFCO Comments: This is the first of three annual validating acts.

Status: 3/1/2022-From printer.

CALAFCO Comments: This is the second of three annual validating acts

Status: 3/1/2022-From printer.

[illegible]

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

Summary:

Would enact the Third Validating Act of 2022, which would validate the organization, boundaries, acts, proceedings, and bonds of the state and counties, cities, and specified districts, agencies, and entities.

Position: Watch

Subject: LAFCo Administration

CALAFCO Comments: This is the third of three annual validating acts.

AB 1640 (Ward D) Office of Planning and Research: regional climate networks: regional climate adaptation and resilience action plans.

Current Text: Introduced: 1/12/2022 [html](#) [pdf](#)

Introduced: 1/12/2022

Status: 1/20/2022-Referred to Com. on NAT. RES.

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

Summary:

Current law requires, by July 1, 2017, and every 3 years thereafter, the Natural Resources Agency to update, as prescribed, the state's climate adaptation strategy, known as the Safeguarding California Plan. Existing law establishes the Office of Planning and Research in state government in the Governor's office. Current law establishes the Integrated Climate Adaptation and Resiliency Program to be administered by the office to coordinate regional and local efforts with state climate adaptation strategies to adapt to the impacts of climate change, as prescribed. This bill would authorize eligible entities, as defined, to establish and participate in a regional climate network, as defined. The bill would require the office, through the program, to encourage the inclusion of eligible entities with land use planning and hazard mitigation planning authority into regional climate networks.

Attachments:

[AB 1640 Author Fact](#)

Subject: Climate Change

CALAFCO Comments: This bill is a follow up and very similar to AB 897 (2021). The bill would authorize eligible entities, as defined (including LAFCo), to establish and participate in a regional climate network, as defined. The bill would authorize a regional climate network to engage in activities to address climate change, as specified. Further, it requires a regional climate network to develop a regional climate adaptation and resilience action plan and to submit the plan to OPR for review, comments, and certification. The bill would require OPR to: (1) encourage the inclusion of eligible entities with land use planning and hazard mitigation planning authority into regional climate networks; (2) develop and publish guidelines on how eligible entities may establish regional climate networks and how governing boards may be established within regional climate networks by 7-1-23; and (3) provide technical assistance to regions seeking to establish a regional climate network, facilitate coordination between regions, and encourage regions to incorporate as many eligible entities into one network as feasible.

The difference between this bill and AB 897 is this bill removes requirements for OPR to develop guidelines and establish standards and required content for a regional climate adaptation and resilience action plan (to be produced by the network), and removes some specified technical support requirements by OPR. Those requirements were covered in SB 170, a budget trailer bill from 2021.

The bill is author-sponsored and keyed fiscal. An author fact sheet is included in our attachments area.

AB 1773 (Patterson R) Williamson Act: subvention payments: appropriation.

Current Text: Introduced: 2/3/2022 [html](#) [pdf](#)

Introduced: 2/3/2022

Status: 2/10/2022-Referred to Coms. on AGRI. and L. GOV.

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

Summary:

The Williamson Act, also known as the California Land Conservation Act of 1965, authorizes a city or county to enter into contracts with owners of land devoted to agricultural use, whereby the owners agree to continue using the property for that purpose, and the city or county agrees to value the land accordingly for purposes of property taxation. Existing law sets forth procedures for reimbursing cities and counties for property tax revenues not received as a result of these contracts and continuously appropriates General Fund moneys for that purpose. This bill, for the 2022-23 fiscal year, would appropriate an additional \$40,000,000 from the General Fund to the Controller to make subvention payments to counties, as provided, in proportion to the losses incurred by those counties by reason of the reduction of assessed property taxes. The bill would make various findings in this regard.

Attachments:

[AB 1773 Author Fact Sheet](#)

Position: Watch

Subject: Ag Preservation - Williamson

CALAFCO Comments: AB 1773 resurrects funding the Williamson Act for the 2022-2023 budget year. The Williamson Act was created to preserve open space and conserve agricultural land. For many years, the state funded the Act at around \$35-\$40 million per year. This funding ceased during the recession, and has not been reinstated since. AB 1773 would allocate \$40 million from the General Fund to the Williamson Act for the purpose of subvention payments.

The bill is author-sponsored, has a general-fund appropriation, and is keyed fiscal. An author fact sheet is posted in our attachments section.

[AB 1944](#) (Lee D) Local government: open and public meetings.

Current Text: Introduced: 2/10/2022 [html](#) [pdf](#)

Introduced: 2/10/2022

Status: 2/18/2022-Referred to Com. on L. GOV.

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

Summary:

Current law, the Ralph M. Brown Act, requires, with specified exceptions, that all meetings of a legislative body of a local agency, as those terms are defined, be open and public and that all persons be permitted to attend and participate. Current law, until January 1, 2024, authorizes a local agency to use teleconferencing without complying with those specified teleconferencing requirements in specified circumstances when a declared state of emergency is in effect, or in other situations related to public health. This bill would specify that if a member of a legislative body elects to teleconference from a location that is not public, the address does not need to be identified in the notice and agenda or be accessible to the public when the legislative body has elected to allow members to participate via teleconferencing.

Attachments:

[AB 1944 Author Fact Sheet](#)

Position: Watch

Subject: Brown Act

CALAFCO Comments: This bill would delete the requirement that an individual participating in a Brown Act meeting remotely from a non-public location must disclose the address of the location. If the governing body chooses to allow for remote participation, it must also provide video streaming and offer public comment via video or phone.

The bill is author sponsored and keyed fiscal. The author's fact sheet is posted in our attachments area.

[AB 2449](#) (Rubio, Blanca D) Open meetings: local agencies: teleconferences.

Current Text: Introduced: 2/17/2022 [html](#) [pdf](#)

Introduced: 2/17/2022

Status: 2/18/2022-From printer. May be heard in committee March 20.

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

Summary:

Current law, until January 1, 2024, authorizes a local agency to use teleconferencing without complying with specified teleconferencing requirements in specified circumstances when a declared state of emergency is in effect, or in other situations related to public health. This bill would authorize a local agency to use teleconferencing without complying with those specified teleconferencing requirements if at least a quorum of the members of the legislative body participates in person from a singular location clearly identified on the agenda that is open to the public and situated within the local agency's jurisdiction. The bill would impose prescribed requirements for this exception relating to notice, agendas, the means and manner of access, and procedures for disruptions. The bill would require the legislative body to implement a procedure for receiving and swiftly resolving requests for reasonable accommodation for individuals with disabilities, consistent with federal law.

Position: Watch

Subject: Brown Act

CALAFCO Comments: This bill authorizes the use of teleconferencing without noticing and making available to the public teleconferencing locations if a quorum of the members of the legislative body participate in person from a singular location that is noticed and open to the public and require the legislative body to offer public comment via video or phone.

CALAFCO reached out to the author's office for information and we've not yet heard back. The bill is not keyed fiscal.

AB 2647 (Levine D) Local government: open meetings.

Current Text: Introduced: 2/18/2022 [html](#) [pdf](#)

Introduced: 2/18/2022

Status: 2/19/2022-From printer. May be heard in committee March 21.

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

Summary:

The Ralph M. Brown Act requires the meetings of the legislative body of a local agency to be conducted openly and publicly, with specified exceptions. Current law makes agendas of public meetings and other writings distributed to the members of the governing board disclosable public records, with certain exceptions. Current law requires a local agency to make those writings distributed to the members of the governing board available for public inspection at a public office or location that the agency designates. This bill would instead require a local agency to make those writings distributed to the members of the governing board available for public inspection at a public office or location that the agency designates or post the writings on the local agency's internet website in a position and manner that makes it clear that the writing relates to an agenda item for an upcoming meeting.

Position: Watch

Subject: Brown Act

CALAFCO Comments: This bill seeks to amend the law to make clear that writings that have been distributed to a majority of a local legislative body less than 72 hours before a meeting can be posted online in order to satisfy the law.

The bill is sponsored by the League of Cities and is not keyed fiscal.

SB 852 (Dodd D) Climate resilience districts: formation: funding mechanisms.

Current Text: Introduced: 1/18/2022 [html](#) [pdf](#)

Introduced: 1/18/2022

Status: 2/7/2022-Art. IV. Sec. 8(a) of the Constitution dispensed with. (Ayes 31. Noes 6.) Joint Rule 55 suspended. (Ayes 31. Noes 6.)

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

Summary:

Current law authorizes certain local agencies to form a community revitalization authority (authority) within a community revitalization and investment area, as defined, to carry out provisions of the Community Redevelopment Law in that area for purposes related to, among other things, infrastructure, affordable housing, and economic revitalization. Existing law provides for the financing of these activities by, among other things, the issuance of bonds serviced by property tax

increment revenues, and requires the authority to adopt a community revitalization and investment plan for the community revitalization and investment area that includes elements describing and governing revitalization activities. This bill would authorize a city, county, city and county, special district, or a combination of any of those entities to form a climate resilience district for the purposes of raising and allocating funding for eligible projects and the operating expenses of eligible projects. The bill would define "eligible project" for these purposes.

Attachments:

[SB 852 Author Fact Sheet](#)

Position: Watch

Subject: Special District Principle Acts

CALAFCO Comments: This bill creates the Climate Resilience Districts Act. The bill completely bypasses LAFCo in the formation and oversight of these new districts because the districts are primarily being created as a funding mechanism for local climate resilience projects (as a TIF or tax increment finance district - for which LAFCos also have no involvement).

The bill authorizes a city, county, city and county, special district, or a combination of any of those entities to form a climate resilience district for the purposes of raising and allocating funding for eligible projects and the operating expenses of eligible projects. The bill defines "eligible project" to mean projects that address sea level rise, extreme heat, extreme cold, the risk of wildfire, drought, and the risk of flooding, as specified. The bill authorizes a district created pursuant to these provisions to have boundaries that are identical to the boundaries of the participating entities or within the boundaries of the participating entities. The bill also authorizes specified local entities to adopt a resolution to provide property tax increment revenues to the district. The bill would also authorize specified local entities to adopt a resolution allocating other tax revenues to the district, subject to certain requirements. The bill would provide for the financing of the activities of the district by, among other things, levying a benefit assessment, special tax, property-related fee, or other service charge or fee consistent with the requirements of the California Constitution. It requires 95% of monies collected to fund eligible projects, and 5% for district administration. The bill would require each district to prepare an annual expenditure plan and an operating budget and capital improvement budget, which must be adopted by the governing body of the district and subject to review and revision at least annually.

Section 62304 details the formation process, Section 62305 addresses the district's governance structure, and 62307 outlines the powers of the district.

This bill is sponsored by the Local Government Commission and is keyed fiscal. A fact sheet is included in our attachments section.

[SB 1100](#) (Cortese D) Open meetings: orderly conduct.

Current Text: Introduced: 2/16/2022 [html](#) [pdf](#)

Introduced: 2/16/2022

Status: 2/23/2022-Referred to Coms. on GOV. & F. and JUD.

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

Summary:

Would authorize the members of the legislative body conducting a meeting to remove an individual for willfully interrupting the meeting. The bill, except as provided, would require removal to be preceded by a warning, either by the presiding member of the legislative body or a law enforcement officer, that the individual is disrupting the proceedings and a request that the individual curtail their disruptive behavior or be subject to removal. The bill would similarly require a warning before clearing a meeting room for willful interruptions by a group or groups. The bill would define "willfully interrupting" to mean intentionally engaging in behavior during a meeting of a legislative body that substantially impairs or renders infeasible the orderly conduct of the meeting in accordance with law. The term would include failure to comply with a reasonable regulation adopted in accordance with existing law after a warning and request in accordance with the bill, as applicable. By establishing new requirements for local legislative bodies, this bill would impose a state-mandated program.

Attachments:

[SB 1100 Author Fact Sheet](#)

Position: Watch

Subject: Brown Act

CALAFCO Comments: This bill would authorize the removal of an individual from a public meeting who is “willfully interrupting” the meeting after a warning and a request to stop their behavior. “Willfull interrupting” is defined as intentionally engaging in behavior during a meeting of a legislative body that substantially impairs or renders infeasible the orderly conduct of the meeting in accordance with law.

The bill is author-sponsored and keyed fiscal. An author fact sheet is posted in our attachments section.

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AB 897 (Mullin D) Office of Planning and Research: regional climate networks: regional climate adaptation and resilience action plans.

Current Text: Amended: 7/14/2021 [html](#) [pdf](#)

Introduced: 2/17/2021

Last Amended: 7/14/2021

Status: 8/27/2021-Failed Deadline pursuant to Rule 61(a)(12). (Last location was APPR. SUSPENSE FILE on 8/16/2021)(May be acted upon Jan 2022)

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

Summary:

Current law requires, by July 1, 2017, and every 3 years thereafter, the Natural Resources Agency to update, as prescribed, the state’s climate adaptation strategy, known as the Safeguarding California Plan. Current law establishes the Office of Planning and Research in state government in the Governor’s office. Current law establishes the Integrated Climate Adaptation and Resiliency Program to be administered by the office to coordinate regional and local efforts with state climate adaptation strategies to adapt to the impacts of climate change, as prescribed. This bill would authorize eligible entities, as defined, to establish and participate in a regional climate network, as defined. The bill would require the office, through the program, to encourage the inclusion of eligible entities with land use planning and hazard mitigation planning authority into regional climate networks. The bill would authorize a regional climate network to engage in activities to address climate change, as specified.

Attachments:

[CALAFCO Support July 2021](#)

[AB 897 Fact Sheet](#)

Position: Support

Subject: Climate Change

CALAFCO Comments: As introduced, the bill builds on existing programs through OPR by promoting regional collaboration in climate adaptation planning and providing guidance for regions to identify and prioritize projects necessary to respond to the climate vulnerabilities of their region.

As amended, the bill requires OPR to develop guidelines (the scope of which are outlined in the bill) for Regional Climate Adaptation Action Plans (RCAAPs) by 1-1-23 through their normal public process. Further the bill requires OPR to make recommendations to the Legislature on potential sources of financial assistance for the creation & implementation of RCAAPs, and ways the state can support the creation and ongoing work of regional climate networks. The bill outlines the authority of a regional climate network, and defines eligible entities. Prior versions of the bill kept the definition as rather generic and with each amended version gets more specific. As a result, CALAFCO has requested the author add LAFCOs explicitly to the list of entities eligible to participate in these regional climate networks.

As amended on 4/7, AB 11 (Ward) was joined with this bill - specifically found in 71136 in the Public Resources Code as noted in the amended bill. Other amendments include requiring OPR to, before 7-1-22, establish geographic boundaries for regional climate networks and prescribes requirements in doing so.

This is an author-sponsored bill. The bill necessitates additional resources from the state to carry out the additional work required of OPR (there is no current budget appropriation). A fact sheet is

posted in the tracking section of the bill.

As amended 4/19/21: There is no longer a requirement for OPR to include in their guidelines how a regional climate network may develop their plan: it does require ("may" to "shall") a regional climate network to develop a regional climate adaptation plan and submit it to OPR for approval; adds requirements of what OPR shall publish on their website; and makes several other minor technical changes.

As amended 7/1/21, the bill now explicitly names LAFCo as an eligible entity. It also adjusts several timelines for OPR's requirements including establishing boundaries for the regional climate networks, develop guidelines and establish standards for the networks, and to make recommendations to the Legislature related to regional adaptation. Give the addition of LAFCo as an eligible entity, CALAFCO is now in support of the bill.

Amendments of 7/14/21, as requested by the Senate Natural Resources & Water Committee, mostly do the following: (1) Include "resilience" to climate adaptation; (2) Prioritize the most vulnerable communities; (3) Add definitions for "under-resourced" and "vulnerable" communities; (4) Remove the requirement for OPR to establish geographic boundaries for the regional climate networks; (5) Include agencies with hazard mitigation authority and in doing so also include the Office of Emergency Services to work with OPR to establish guidelines and standards required for the climate adaptation and resilience plan; and (6) Add several regional and local planning documents to be used in the creation of guidelines.

2/24/22 UPDATE: It appears this bill is being replaced with AB 1640 (Ward, Mullin, etc.). CALAFCO will keep this bill on Watch and follow the new bill.

AB 903 (Frazier D) Los Medanos Community Healthcare District.

Current Text: Amended: 4/19/2021 [html](#) [pdf](#)

Introduced: 2/17/2021

Last Amended: 4/19/2021

Status: 7/14/2021-Failed Deadline pursuant to Rule 61(a)(11). (Last location was GOV. & F. on 5/19/2021)(May be acted upon Jan 2022)

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

Summary:

Would require the dissolution of the Los Medanos Community Healthcare District, as specified. The bill would require the County of Contra Costa to be successor of all rights and responsibilities of the district, and require the county to develop and conduct the Los Medanos Area Health Plan Grant Program focused on comprehensive health-related services in the district's territory. The bill would require the county to complete a property tax transfer process to ensure the transfer of the district's health-related ad valorem property tax revenues to the county for the sole purpose of funding the Los Medanos Area Health Plan Grant Program. By requiring a higher level of service from the County of Contra Costa as specified, the bill would impose a state-mandated local program.

Position: Watch

CALAFCO Comments: This bill mandates the dissolution of the Los Medanos Community Healthcare District with the County as the successor agency, effective 2-1-22. The bill requires the County to perform certain acts prior to the dissolution. The LAFCo is not involved in the dissolution as the bill is written. Currently, the district is suing both the Contra Costa LAFCo and the County of Contra Costa after the LAFCo approved the dissolution of the district upon application by the County and the district failed to get enough signatures in the protest process to go to an election.

The amendment on 4/5/21 was just to correct a typo in the bill.

As amended on 4/19/21, the bill specifies monies received by the county as part of the property tax transfer shall be used specifically to fund the Los Medanos Area Health Plan Grant Program within the district's territory. It further adds a clause that any new or existing profits shall be used solely for the purpose of the grant program within the district's territory.

The bill did not pass out of Senate Governance & Finance Committee and will not move forward this year. It may be acted on in 2022.

2022 UPDATE: Given Member Frazier is no longer in the Assembly and the appellate court overturned the lower court's decision, it is likely the bill will not move forward. CALAFCO will retain WACTH on the bill.

AB 975 (Rivas, Luz D) Political Reform Act of 1974: statement of economic interests and gifts.

Current Text: Amended: 5/18/2021 [html](#) [pdf](#)

Introduced: 2/18/2021

Last Amended: 5/18/2021

Status: 2/1/2022-In Senate. Read first time. To Com. on RLS. for assignment.

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

Summary:

The Political Reform Act of 1974 regulates conflicts of interests of public officials and requires that public officials file, with specified filing officers, periodic statements of economic interests disclosing certain information regarding income, investments, and other financial data. The Fair Political Practices Commission is the filing officer for statewide elected officers and candidates and other specified public officials. If the Commission is the filing officer, the public official generally files with their agency or another person or entity, who then makes a copy and files the original with the Commission. This bill would revise and recast these filing requirements to make various changes, including requiring public officials and candidates for whom the Commission is the filing officer to file their original statements of economic interests electronically with the Commission.

Position: Watch

Subject: FPPC

CALAFCO Comments: As introduced, this bill makes two notable changes to the current requirements of gift notification and reporting: (1) It increases the period for public officials to reimburse, in full or part, the value of attending an invitation-only event, for purposes of the gift rules, from 30 days from receipt to 30 days following the calendar quarter in which the gift was received; and (2) It reduces the gift notification period for lobbyist employers from 30 days after the end of the calendar quarter in which the gift was provided to 15 days after the calendar quarter. Further it requires the FPPC to have an online filing system and to redact contact information of filers before posting.

The amendment on 4/21/21 just corrects wording (technical, non-substantive change).

The amendments on 5/18/21 clarify who is to file a statement of economic interest to include candidates (prior text was office holders).

UPDATE AS OF 2/24/22 - The author's office indicates they are moving forward with the bill this year and are planning amendments. They are not clear what those amendments will be so CALAFCO will retain a WATCH position on the bill.

AB 1195 (Garcia, Cristina D) Drinking water.

Current Text: Amended: 5/24/2021 [html](#) [pdf](#)

Introduced: 2/18/2021

Last Amended: 5/24/2021

Status: 7/14/2021-Failed Deadline pursuant to Rule 61(a)(11). (Last location was N.R. & W. on 6/9/2021)(May be acted upon Jan 2022)

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

Summary:

Current law establishes the Safe and Affordable Drinking Water Fund in the State Treasury to help water systems provide an adequate and affordable supply of safe drinking water in both the near and long terms. Current law authorizes the state board to provide for the deposit into the fund of certain moneys and continuously appropriates the moneys in the fund to the state board for grants, loans, contracts, or services to assist eligible recipients. This bill would prohibit a public water system from transferring or abandoning a water right held by the public water system except upon approval of the state board, as prescribed.

Attachments:

[CALAFCO Letter of Concern - April 2021](#)

[AB 1195 Fact Sheet](#)

Position: Watch With Concerns

Subject: Water

CALAFCO Comments: As amended on 4-6-21, the bill was gut and amended and now creates the So LA County Human Rights to Water Collaboration Act. It requires the Water Board to appoint a commissioner to implement the Safe & Affordable Funding for Equity & Resilience Program and gives the commissioner certain authorities (although they are not clearly spelled out). It requires the commissioner by 12-31-24 to submit to the Water Board a plan for the long-term sustainability of public water systems in southern LA County and prescribes what shall be included in the plan. The bill also creates a technical advisory board and requires the commissioner to oversee the Central Basin Municipal Water District.

In its current form the bill creates numerous concerns. CALAFCO's letter of concern is posted in the tracking section of the bill, and includes: (1) Focus of the bill is very broad as is the focus of the commissioner; (2) In an attempt to prevent privatization of water systems there is language regarding severing water rights. That language could be problematic should a consolidation be ordered; (3) Diminishing local control that is being invested in the state (an ongoing concern since SB 88); (4) A clear distinction needs to be made between an Administrator and Commissioner; (5) The poorly written section on the technical advisory board; and (6) The lack of LAFCo involvement in any consolidation process.

As amended on 5-24-21, the bill changes the water rights provision now requiring approval by the water Board; uses the definitions of "at risk system" and "at risk domestic well" found in SB 403 (Gonzalez) as well as the 3,300 connect cap; requires the commissioner appointed by the board to be from the local area; requires the commissioner to do certain things prior to completing the regional plan; and requires the commissioner to apply to LA LAFCo for extension of service, consolidation or dissolution as appropriate. The bill also creates a pilot program for LA LAFCo giving them the authority to take action rather than the water board, providing it is within 120 days of receipt of a completed application. If the LAFCo fails to take action within that time, the matter goes to the water board for their action.

The pilot program also gives LA LAFCo the authority to approve, approve with conditions or deny the application; further giving LAFCo authority to consider consolidation or extension of service with a local publicly owned utility that provides retail water, a private water company or mutual; the bill also waives protest proceedings, gives the LAFCo authority to address governance structure and CEQA is waived, provides full LAFCo indemnification and funding.

There are still issues with the proposed technical advisory board section of the bill, and questions about timing of some of the processes. CALAFCO continues to work with the author and speakers' offices as well as other stakeholders on ongoing amendments.

The bill is author-sponsored and we understand there is currently no funding source. A fact sheet is posted in the tracking section of the bill. CALAFCO's letter of concern is also posted there.

THIS IS NOW A 2-YEAR BILL.

UPDATE AS OF 2/10/22 - According to the author's office, the author is not intending to move the bill forward at this time. CALAFCO will continue to WATCH and monitor the bill. As a result, the bill was downgraded from a P-1 to a P-3.

AB 1935 (Grayson D) Resource conservation districts: formation.

Current Text: Introduced: 2/10/2022 [html](#) [pdf](#)

Introduced: 2/10/2022

Status: 2/18/2022-Referred to Com. on L. GOV.

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

Summary:

Current law authorizes the formation of a resource conservation district in accordance with prescribed procedures for the control of runoff, the prevention or control of soil erosion, the development and distribution of water, and the improvement of land capabilities. Under current law, a proposal to form a district may be made by a petition of registered voters, as specified. Current law requires, within 30 days after the date of filing a petition, the executive officer of the

local agency formation commission to cause the petition to be examined and prepare a certificate of sufficiency, as provided. Current law authorizes, within 15 days after a notice of insufficiency, the chief petitioners to file with the executive officer a supplemental petition, as provided. Current law requires, within 10 days after the date of filing a supplemental petition, the executive officer to examine the supplemental petition and certify in writing the results of their examination. This bill would increase the amount of time, from 30 to 45 days after the date of filing a petition, for the executive officer of the local agency formation commission to cause the petition to be examined and prepare a certificate of sufficiency.

Position: Placeholder - Spot Bill

Subject: LAFCo Administration

CALAFCO Comments: According to the author's office, this is a spot bill and the topic will change. CALAFCO was unaware of the bill prior to introduction.

AB 2041 (Garcia, Eduardo D) California Safe Drinking Water Act: primary drinking water standards: compliance.

Current Text: Introduced: 2/14/2022 [html](#) [pdf](#)

Introduced: 2/14/2022

Status: 2/24/2022-Referred to Com. on E.S. & T.M.

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

Summary:

Would require the State Water Resources Control Board to take specified actions if the state board adopts a primary drinking water standard with a compliance period for which public water systems are given a designated period of time to install necessary measures, including, but not limited to, installation of water treatment systems, to comply with the primary drinking water standard without being held in violation of the primary drinking water standard. Those actions would include, among other actions, developing a financial plan to assist public water systems that will require financial assistance in procuring and installing the necessary measures.

Position: Watch

Subject: Water

CALAFCO Comments: This bill would require the SWRCB to take specified actions if the SWRCB adopts a primary drinking water standard with a compliance period for which public water systems are given a designated period of time to install necessary measures, including, but not limited to, installation of water treatment systems, to comply with the primary drinking water standard without being held in violation of the primary drinking water standard. Those actions would include, among other actions, developing a financial plan to assist public water systems that will require financial assistance in procuring and installing the necessary measures.

CALAFCO reached out to the author's office for information on the bill and has not heard back. The bill is keyed fiscal.

AB 2081 (Garcia, Eduardo D) Municipal water districts: water service: Indian lands.

Current Text: Introduced: 2/14/2022 [html](#) [pdf](#)

Introduced: 2/14/2022

Status: 2/24/2022-Referred to Com. on L. GOV.

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

Summary:

Te 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. Current law also authorizes a district, until January 1, 2023, under specified circumstances, 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 and requires the local agency formation commission to approve such an application. This bill would extend the above provisions regarding the application to the applicable local agency formation commission to January 1, 2025.

Position: Watch

Subject: Water

CALAFCO Comments: This bill extends the sunset date created in AB 1361 (2017). 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. Current law also authorizes a district, under specified circumstances, to apply to the applicable LAFCo to provide this service of water to Indian lands, as defined, that are not within the district and requires the LAFCo to approve such an application. This bill extends the sunset date from January 1, 2023 to January 1, 2025.

CALAFCO opposed AB 1361 in 2017 as the process requires LAFCo to approve the extension of service, requires the district to extend the service, and does not require annexation upon extension of service. CALAFCO reached out to the author's office requesting information as to the reason for the extension and we have not heard back.

SB 12 (McGuire D) Local government: planning and zoning: wildfires.

Current Text: Amended: 7/1/2021 [html](#) [pdf](#)

Introduced: 12/7/2020

Last Amended: 7/1/2021

Status: 7/14/2021-Failed Deadline pursuant to Rule 61(a)(11). (Last location was H. & C.D. on 6/24/2021)(May be acted upon Jan 2022)

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

Summary:

Current law requires that the Office of Planning and Research, among other things, coordinate with appropriate entities, including state, regional, or local agencies, to establish a clearinghouse for climate adaptation information for use by state, regional, and local entities, as provided. This bill would require the safety element, upon the next revision of the housing element or the hazard mitigation plan, on or after July 1, 2024, whichever occurs first, to be reviewed and updated as necessary to include a comprehensive retrofit strategy to reduce the risk of property loss and damage during wildfires, as specified, and would require the planning agency to submit the adopted strategy to the Office of Planning and Research for inclusion into the above-described clearinghouse.

Position: Watch

Subject: Growth Management, Planning

CALAFCO Comments: UPDATE 2/24/22: According to the author's office, they do plan to move this bill forward in 2022 and no other details are available at this time.

SB 418 (Laird D) Pajaro Valley Health Care District.

Current Text: Chaptered: 2/4/2022 [html](#) [pdf](#)

Introduced: 2/12/2021

Last Amended: 1/24/2022

Status: 2/4/2022-Approved by the Governor. Chaptered by Secretary of State. Chapter 1, Statutes of 2022.

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

Summary:

Would create the Pajaro Valley Health Care District, as specified, except that the bill would authorize the Pajaro Valley Health Care District to be organized, incorporated, and managed, only if the relevant county board of supervisors chooses to appoint an initial board of directors.

Position: Watch

Subject: Special District Principle Acts

CALAFCO Comments: Gut and amended on 1/14/22, this bill forms the Pajaro Valley Health Care District within Santa Cruz and Monterey counties. The formation, done by special legislation, bypasses the LAFCo process, with language explicitly stating upon formation, LAFCo shall have authority. The bill requires that within 5 years of the date of the first meeting of the Board of Directors of the district, the board of directors shall divide the district into zones. The bill would

require the district to notify Santa Cruz LAFCo when the district, or any other entity, acquires the Watsonville Community Hospital. The bill requires the LAFCo to order the dissolution of the district if the hospital has not been acquired by January 1, 2024 through a streamlined process, and requires the district to notify LAFCo if the district sells the Watsonville Community Hospital to another entity or stops providing health care services at the facility, requiring the LAFCo to dissolve the district under those circumstances in a streamlined process.

Given the hospital has filed bankruptcy and this is the only hospital in the area and serves disadvantaged communities and employs a large number of people in the area, the bill has an urgency clause.

Several amendments were added on 1/24/22 by the ALGC and SGFC all contained within Section 32498.7.

CALAFCO worked closely with the author's office, Santa Cruz County lobbyist and the Santa Cruz and Monterey LAFCos on this bill. We have requested further amendments which the Senator has agreed to take in a follow-up bill this year. Those amendments include requiring Santa Cruz LAFCo to adopt a sphere of influence for the district within 1 year of formation; the district filing annual progress reports to Santa Cruz LAFCo for the first 3 years, Santa Cruz LAFCo conducting a special study on the district after 3 years, and representation from both counties on the governing board.

The bill is sponsored by the Pajaro Valley Healthcare District Project and is not keyed fiscal.

SB 1449 (Caballero D) Unincorporated areas.

Current Text: Introduced: 2/18/2022 [html](#) [pdf](#)

Introduced: 2/18/2022

Status: 2/22/2022-From printer.

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

Summary:

Would state the intent of the Legislature to establish the policy of the state to ensure that the living standards within unincorporated areas of the state are consistent with standards of cities within the same county and funding mechanisms to support the financial investments required by cities and counties to accomplish this goal.

Position: Placeholder - Spot Bill

Subject: Other

CALAFCO Comments: This is currently a spot bill. According to the author's office, they are working on state funding to incentivize annexation of inhabited territory (when the VLF was taken away, so too was any financial incentive to annex inhabited territory). For many years bills have been run to reinstate funding, none of which have ever successfully passed. There is no other information available on this bill at this time. CALAFCO will continue conversations with the author's office as this is an important topic for LAFCos. (The bill will remain a P-3 until amended.)

SB 1489 (Committee on Governance and Finance) Local Government Omnibus Act of 2022.

Current Text: Introduced: 2/28/2022 [html](#) [pdf](#)

Introduced: 2/28/2022

Status: 3/1/2022-From printer.

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

Summary:

Current law sets forth requirements for the passage of city ordinances. Current law requires ordinances to be read in full either at the time of introduction or passage except when, after reading the title, further reading is waived by regular motion adopted by majority vote of the legislative body. This bill would provide that a reading of the title or ordinance is not required if the title is included on the published agenda and a copy of the full ordinance is made available to the public online and in print at the meeting prior to the introduction or passage.

Position: Watch

CALAFCO Comments: This is the Senate Governance & Finance Committee annual omnibus bill.

Total Tracking Forms: 22

3/2/2022 4:54:23 PM



CONTRA COSTA LOCAL AGENCY FORMATION COMMISSION

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Edi Birsan
City Member

March 9, 2022

Honorable Robert Hertzberg
California State Senate
1021 O Street, Room 8610
Sacramento, CA 95814

**RE: *SUPPORT of SB 938: The Cortese-Knox-Hertzberg Local Government
Reorganization Act of 2000: Protest Proceedings: Procedural Consolidation***

Dear Senator Hertzberg:

The Contra Costa Local Agency Formation Commission (LAFCo) is pleased to join the California Association of Local Agency Formation Commissions (CALAFCO) in support of your bill, SB 938, which makes changes to the Cortese-Knox-Hertzberg Local Government Reorganization Act of 2000 (The CKH Act). SB 938 represents a collaborative three-year effort led by CALAFCO to clean up, consolidate, and clarify existing statutory provisions associated with consolidations and dissolutions, as well as codify the conditions under which LAFCo may initiate dissolution of a district at the 25% protest threshold (the latter of which are proposed and pending amendments).

The statutes related to protest provisions and the disparate protest thresholds established for LAFCo-initiated actions (10%) and all other initiated actions (25%) make addressing necessary and appropriate special district consolidations and dissolutions considerably more difficult when initiated by a LAFCo. Further, they serve as a deterrent for LAFCo to initiate action, even if meaningful efficiencies in the provision of public services could be achieved or if a district is failing to meet its statutory requirements.

As introduced, the bill represents the redraft of existing protest statutes with some minor technical clarifications added. The pending proposed amendments from CALAFCO allow LAFCos to initiate dissolution of a district at the 25% protest threshold under specific circumstances. All of this work is in response to a recommendation made in the 2017 Little Hoover Commission report after a year-long study (*Special Districts: Improving Oversight and Transparency*) and formation by CALAFCO of a working group of stakeholders in early 2019. The intent was to examine the protest process for consolidations and dissolutions of special districts. After three years of work (delayed due to the pandemic), the working group reached consensus on the redraft of existing protest statutes (representative of SB 938 as introduced) and a new process that allows LAFCos to initiate dissolution of a district at the 25% protest threshold under specific circumstances (pending amendment into SB 938).

The overarching goal of these changes is to ensure that LAFCOs have the tools we need to carry out our statutory obligations to ensure orderly and functioning local government services and to create greater consistency in the statute. The specific circumstances under which a dissolution may be initiated are more than reasonable and the subsequent process includes three noticed public hearings, a minimum 12-month remediation period, and a 60-day protest period, all of which are extremely practical. Additionally, the proposed process for LAFCo-initiated actions at the 25% protest threshold applies only to dissolutions, making the scope of use exceptionally narrow.

SB 938 makes much needed and long-awaited improvements to “the CKH Act” through the restructure and clarification of existing protest provisions, and the addition of a fair and appropriate process that offers LAFCOs additional tools necessary to effectively fulfill their statutory obligations.

We thank you for your authorship of this critical legislation and for continuing your long support of the work of LAFCOs. For all these reasons, we are pleased to support your bill SB 938.

Yours sincerely,

ROB SCHRODER, CHAIR
Contra Costa LAFCo

cc: Members, Senate Governance and Finance Committee
Anton Favorini-Csorba, Consultant, Senate Governance and Finance Committee
Ryan Eisberg, Consultant, Senate Republican Caucus
Rene LaRoche, Executive Director, California Association of Local Agency Formation Commissions

SENATE BILL**No. 938**

Introduced by Senator Hertzberg
(Coauthor: Assembly Member Mayes)

February 8, 2022

An act to amend Sections 56824.14, 57075, 57077.1, 57077.2, 57077.3, 57077.4, and 57090 of, to add Sections 57077.5 and 57077.6 to, to add Chapter 4.5 (commencing with Section 57091) to Part 4 of Division 3 of Title 5 of, and to repeal Sections 57076, 57107, and 57113 of, the Government Code, and to amend Section 116687 of the Health and Safety Code, relating to local government.

LEGISLATIVE COUNSEL'S DIGEST

SB 938, as introduced, Hertzberg. The Cortese-Knox-Hertzberg Local Government Reorganization Act of 2000: protest proceedings: procedural consolidation.

Existing law, 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, except as specified. Under existing law, in each county there is a local agency formation commission (commission) that oversees these changes of organization and reorganization.

With a specified exception, existing law provides for protest proceedings for a change of organization or reorganization following adoption of a resolution making certain determinations by the commission, as provided. Existing law sets forth required procedures for the commission following a protest hearing depending on the nature of the conducting authority, as defined, the type of change of organization or reorganization, and the results of the protest proceeding.

The bill would reorganize and consolidate the above-described procedures. The bill would make conforming changes and remove obsolete provisions.

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

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

1 SECTION 1. Section 56824.14 of the Government Code is
2 amended to read:

3 56824.14. (a) The commission shall review and approve with
4 or without amendments, wholly, partially, or conditionally, or
5 disapprove proposals for the establishment of new or different
6 functions or class of services, or the divestiture of the power to
7 provide particular functions or class of services, within all or part
8 of the jurisdictional boundaries of a special district, after a public
9 hearing called and held for that purpose. The commission shall
10 not approve a proposal for the establishment of new or different
11 functions or class of services within the jurisdictional boundaries
12 of a special district unless the commission determines that the
13 special district will have sufficient revenues to carry out the
14 proposed new or different functions or class of services except as
15 specified in paragraph (1).

16 (1) The commission may approve a proposal for the
17 establishment of new or different functions or class of services
18 within the jurisdictional boundaries of a special district where the
19 commission has determined that the special district will not have
20 sufficient revenue to provide the proposed new or different
21 functions or class of services, if the commission conditions its
22 approval on the concurrent approval of sufficient revenue sources
23 pursuant to Section 56886. In approving a proposal, the
24 commission shall provide that if the revenue sources pursuant to
25 Section 56886 are not approved, the authority of the special district
26 to provide new or different functions or class of services shall not
27 be established.

28 (2) Unless otherwise required by the principal act of the subject
29 special district, or unless otherwise required by Section ~~57075~~ or
30 ~~57076~~, 57075, the approval by the commission for establishment
31 of new or different functions or class of services, or the divestiture

1 of the power to provide particular functions or class of services,
2 shall not be subject to an election.

3 (b) At least 21 days prior to the date of that hearing, the
4 executive officer shall give mailed notice of the hearing to each
5 affected local agency or affected county, and to any interested
6 party who has filed a written request for notice with the executive
7 officer. In addition, at least 21 days prior to the date of that hearing,
8 the executive officer shall cause notice of the hearing to be
9 published in accordance with Section 56153 in a newspaper of
10 general circulation that is circulated within the territory affected
11 by the proposal proposed to be adopted.

12 (c) The commission may continue from time to time any hearing
13 called pursuant to this section. The commission shall hear and
14 consider oral or written testimony presented by any affected local
15 agency, affected county, or any interested person who appears at
16 any hearing called and held pursuant to this section.

17 SEC. 2. Section 57075 of the Government Code is amended
18 to read:

19 ~~57075. In the case of registered voter districts or cities, where~~
20 ~~Where~~ a change of organization or reorganization consists solely
21 of annexations, detachments, the exercise of new or different
22 functions or class of services or the divestiture of the power to
23 provide particular functions or class of services within all or part
24 of the jurisdictional boundaries of a special district, or any
25 combination of those proposals, the commission, not more than
26 30 days after the conclusion of the hearing, shall make a finding
27 regarding the value of written protests filed and not withdrawn,
28 ~~and take one of the following actions, except as provided in~~
29 ~~subdivision (b) of Section 57002: take the action set forth in either~~
30 ~~subdivision (a) of Section 57091, in the case of registered voter~~
31 ~~districts or cities, or subdivision (b) of Section 57091, in the case~~
32 ~~of landowner-voter districts.~~

33 ~~(a) In the case of inhabited territory, take one of the following~~
34 ~~actions:~~

35 ~~(1) Terminate proceedings if a majority protest exists in~~
36 ~~accordance with Section 57078.~~

37 ~~(2) Order the change of organization or reorganization subject~~
38 ~~to confirmation by the registered voters residing within the affected~~
39 ~~territory if written protests have been filed and not withdrawn by~~
40 ~~either of the following:~~

1 (A) At least 25 percent, but less than 50 percent, of the registered
2 voters residing in the affected territory.

3 (B) At least 25 percent of the number of owners of land who
4 also own at least 25 percent of the assessed value of land within
5 the affected territory.

6 (3) Order the change of organization or reorganization without
7 an election if paragraphs (1) and (2) of this subdivision do not
8 apply.

9 (b) In the case of uninhabited territory, take either of the
10 following actions:

11 (1) Terminate proceedings if a majority protest exists in
12 accordance with Section 57078.

13 (2) Order the change of organization or reorganization if written
14 protests have been filed and not withdrawn by owners of land who
15 own less than 50 percent of the total assessed value of land within
16 the affected territory.

17 SEC. 3. Section 57076 of the Government Code is repealed.

18 57076. In the case of landowner-voter districts, where a change
19 of organization or reorganization consists solely of annexations
20 or detachments, the exercise of new or different functions or class
21 of services or the divestiture of the power to provide particular
22 functions or class of services within all or part of the jurisdictional
23 boundaries of a special district, or any combination of those
24 proposals, the commission, not more than 30 days after the
25 conclusion of the hearing, shall make a finding regarding the value
26 of written protests filed and not withdrawn, and take one of the
27 following actions, except as provided in subdivision (b) of Section
28 57002:

29 (a) Terminate proceedings if a majority protest exists in
30 accordance with Section 57078.

31 (b) Order the change of organization or reorganization subject
32 to an election within the affected territory if written protests that
33 have been filed and not withdrawn represent either of the following:

34 (1) Twenty-five percent or more of the number of owners of
35 land who also own 25 percent or more of the assessed value of
36 land within the territory.

37 (2) Twenty-five percent or more of the voting power of
38 landowner voters entitled to vote as a result of owning property
39 within the territory.

1 ~~(e) Order the change of organization or reorganization without~~
2 ~~an election if written protests have been filed and not withdrawn~~
3 ~~by less than 25 percent of the number of owners of land who own~~
4 ~~less than 25 percent of the assessed value of land within the~~
5 ~~affected territory.~~

6 SEC. 4. Section 57077.1 of the Government Code is amended
7 to read:

8 57077.1. (a) If a change of organization consists of a
9 dissolution, the commission shall order the dissolution without
10 confirmation of the voters, except if the proposal meets the
11 requirements of subdivision (b), the commission shall order the
12 dissolution subject to confirmation of the voters.

13 (b) The commission shall order the dissolution subject to the
14 confirmation of the voters as follows:

15 (1) If the proposal was not initiated by the commission, and if
16 a subject agency has not objected by resolution to the proposal,
17 the commission has found that protests meet ~~one of the following~~
18 ~~the applicable~~ protest thresholds: *thresholds set forth in Section*
19 *57093.*

20 ~~(A) In the case of inhabited territory, protests have been signed~~
21 ~~by either of the following:~~

22 ~~(i) At least 25 percent of the number of landowners within the~~
23 ~~affected territory who own at least 25 percent of the assessed value~~
24 ~~of land within the territory.~~

25 ~~(ii) At least 25 percent of the voters entitled to vote as a result~~
26 ~~of residing within, or owning land within, the affected territory.~~

27 ~~(B) In the case of a landowner-voter district, that the territory~~
28 ~~is uninhabited and that protests have been signed by at least 25~~
29 ~~percent of the number of landowners within the affected territory~~
30 ~~owning at least 25 percent of the assessed value of land within the~~
31 ~~territory.~~

32 (2) If the proposal was not initiated by the commission, and if
33 a subject agency has objected by resolution to the proposal, written
34 protests have been submitted ~~as follows: that meet the applicable~~
35 ~~protest thresholds set forth in Section 57094.~~

36 ~~(A) In the case of inhabited territory, protests have been signed~~
37 ~~by either of the following:~~

38 ~~(i) At least 25 percent of the number of landowners within any~~
39 ~~subject agency within the affected territory who own at least 25~~
40 ~~percent of the assessed value of land within the territory.~~

1 (ii) ~~At least 25 percent of the voters entitled to vote as a result~~
2 ~~of residing within, or owning land within, any subject agency~~
3 ~~within the affected territory.~~

4 (B) ~~In the case of a landowner-voter district, that the territory~~
5 ~~is uninhabited and protests have been signed by at least 25 percent~~
6 ~~of the number of landowners within any subject agency within the~~
7 ~~affected territory, owning at least 25 percent of the assessed value~~
8 ~~of land within the subject agency.~~

9 (3) If the proposal was initiated by the commission, and
10 regardless of whether a subject agency has objected to the proposal
11 by resolution, written protests have been submitted that meet the
12 requirements of Section ~~57113~~, 57077.6.

13 (c) Notwithstanding subdivisions (a) and (b) and Sections 57102
14 and 57103, if a change of organization consists of the dissolution
15 of a district that is consistent with a prior action of the commission
16 pursuant to Section 56378, 56425, or 56430, the commission may
17 do either of the following:

18 (1) If the dissolution is initiated by the district board,
19 immediately approve and order the dissolution without an election
20 or protest proceedings pursuant to this part.

21 (2) If the dissolution is initiated by an affected local agency, by
22 the commission pursuant to Section 56375, or by petition pursuant
23 to Section 56650, order the dissolution after holding at least one
24 noticed public hearing, and after conducting protest proceedings
25 in accordance with this part. Notwithstanding any other law, the
26 commission shall terminate proceedings if a majority protest exists
27 in accordance with Section 57078. If a majority protest is not
28 found, the commission shall order the dissolution without an
29 election.

30 SEC. 5. Section 57077.2 of the Government Code is amended
31 to read:

32 57077.2. (a) If the change of organization consists of a
33 consolidation of two or more districts, the commission shall order
34 the consolidation without confirmation by the voters, except that
35 if the proposal meets the requirements of subdivision (b), the
36 commission shall order the consolidation subject to confirmation
37 of the voters.

38 (b) The commission shall order the consolidation subject to the
39 confirmation of the voters as follows:

1 (1) If the commission has approved a proposal submitted by
2 resolution of a majority of the members of the legislative bodies
3 of two or more local agencies pursuant to Section 56853, and the
4 commission has found that protests meet ~~one of the following~~ *the*
5 *applicable protest thresholds; thresholds set forth in Section 57093.*

6 (A) ~~In the case of inhabited territory, protests have been signed~~
7 ~~by either of the following:~~

8 (i) ~~At least 25 percent of the number of landowners within the~~
9 ~~territory subject to the consolidation who own at least 25 percent~~
10 ~~of the assessed value of land within the territory.~~

11 (ii) ~~At least 25 percent of the voters entitled to vote as a result~~
12 ~~of residing within, or owning land within, the territory.~~

13 (B) ~~In the case of a landowner-voter district, the territory is~~
14 ~~uninhabited and protests have been signed by at least 25 percent~~
15 ~~of the number of landowners within the territory subject to the~~
16 ~~consolidation, owning at least 25 percent of the assessed value of~~
17 ~~land within the territory.~~

18 (2) If the commission has approved a proposal not initiated by
19 the commission and if a subject agency has not objected by
20 resolution to the proposal, written protests have been submitted
21 that meet the requirements specified in subparagraph (A) or (B)
22 of paragraph (1); *applicable protest thresholds set forth in Section*
23 *57093.*

24 (3) If the proposal was not initiated by the commission, and if
25 a subject agency has objected by resolution to the proposal, written
26 protests have been submitted ~~as follows:~~ *that meet one of the*
27 *protest thresholds set forth in Section 57094.*

28 (A) ~~In the case of inhabited territory, protests have been signed~~
29 ~~by either of the following:~~

30 (i) ~~At least 25 percent of the number of landowners within any~~
31 ~~subject agency within the affected territory who own at least 25~~
32 ~~percent of the assessed value of land within the territory.~~

33 (ii) ~~At least 25 percent of the voters entitled to vote as a result~~
34 ~~of residing within, or owning land within, any subject agency~~
35 ~~within the affected territory.~~

36 (B) ~~In the case of a landowner-voter district, the territory is~~
37 ~~uninhabited, and protests have been signed by at least 25 percent~~
38 ~~of the number of landowners within any subject agency within the~~
39 ~~affected territory, owning at least 25 percent of the assessed value~~
40 ~~of land within the subject agency.~~

(4) If the commission has approved a proposal initiated by the commission, and regardless of whether a subject agency has objected to the proposal by resolution, written protests have been submitted that meet the requirements of Section ~~57113~~: 57077.6.

SEC. 6. Section 57077.3 of the Government Code is amended to read:

57077.3. (a) If a proposal consists of a reorganization not described in Section 57075, ~~57076~~, 57077, 57077.4, or 57111, the commission shall order the reorganization without confirmation by the voters except that if the reorganization meets the requirements of subdivision (b), the commission shall order the reorganization subject to confirmation of the voters.

(b) The commission shall order the reorganization subject to confirmation of the voters as follows:

(1) If the commission has approved a proposal submitted by resolution of a majority of the members of the legislative bodies of two or more local agencies pursuant to Section 56853, and the commission has found that protests meet ~~one of the following~~ *the applicable protest thresholds: thresholds set forth in Section 57093*.

~~(A) In the case of inhabited territory, protests have been signed by either of the following:~~

~~(i) At least 25 percent of the number of landowners within the affected territory who own at least 25 percent of the assessed value of land within the territory.~~

~~(ii) At least 25 percent of the voters entitled to vote as a result of residing within, or owning land within, the affected territory.~~

~~(B) In the case of a landowner-voter district, that the territory is uninhabited, and that protests have been signed by at least 25 percent of the number of landowners within the affected territory, owning at least 25 percent of the assessed value of land within the territory.~~

(2) If the commission has approved a proposal not initiated by the commission, and if a subject agency has not objected by resolution to the proposal, a written protest has been submitted that meets ~~the requirements specified in subparagraph (A) or (B) of paragraph (1):~~ *the applicable protest thresholds set forth in Section 57093*.

(3) If the commission has approved a proposal not initiated by the commission, and if a subject agency has objected by resolution

1 to the proposal, written protests have been submitted as follows:
2 *that meet one of the protest thresholds set forth in Section 57094.*

3 ~~(A) In the case of inhabited territory, protests have been signed~~
4 ~~by either of the following:~~

5 ~~(i) At least 25 percent of the number of landowners within any~~
6 ~~subject agency within the affected territory who own at least 25~~
7 ~~percent of the assessed value of land within the territory.~~

8 ~~(ii) At least 25 percent of the voters entitled to vote as a result~~
9 ~~of residing within, or owning land within, any subject agency~~
10 ~~within the affected territory.~~

11 ~~(B) In the case of a landowner-voter district, the territory is~~
12 ~~uninhabited, and protests have been signed by at least 25 percent~~
13 ~~of the number of landowners within any subject agency within the~~
14 ~~affected territory, owning at least 25 percent of the assessed value~~
15 ~~of land within the subject agency.~~

16 (4) If the commission has approved a proposal initiated by the
17 commission, and regardless of whether a subject agency has
18 objected to the proposal by resolution, written protests have been
19 submitted that meet the requirements of Section ~~57113~~. 57077.6.

20 ~~(e) This section shall not apply to reorganizations governed by~~
21 ~~Sections 56853.5 and 56853.6.~~

22 SEC. 7. Section 57077.4 of the Government Code is amended
23 to read:

24 57077.4. (a) If a reorganization consists of the dissolution of
25 one or more districts and the annexation of all or substantially all
26 the territory to another district not initiated pursuant to Section
27 56853 or by the commission pursuant to Section 56375, the
28 commission shall order the reorganization without confirmation
29 by the voters except that if the reorganization meets the
30 requirements of subdivision ~~(b)~~, (b) or (c), the commission shall
31 order the reorganization subject to confirmation by the voters.

32 (b) The commission shall order the reorganization subject to
33 confirmation by the ~~voters as follows: voters, if written protests~~
34 ~~have been submitted that meet the applicable protest thresholds~~
35 ~~set forth in Section 57094.~~

36 ~~(1) In the case of inhabited territory, protests have been signed~~
37 ~~by either of the following:~~

38 ~~(A) At least 25 percent of the number of landowners within any~~
39 ~~subject agency within the affected territory who own at least 25~~
40 ~~percent of the assessed value of land within the territory.~~

1 ~~(B) At least 25 percent of the voters entitled to vote as a result~~
2 ~~of residing within, or owning land within, any subject agency~~
3 ~~within the affected territory.~~

4 ~~(2) In the case of a landowner-voter district, the territory is~~
5 ~~uninhabited, and protests have been signed by at least 25 percent~~
6 ~~of the number of landowners within any subject agency within the~~
7 ~~affected territory, owning at least 25 percent of the assessed value~~
8 ~~of land within the subject agency.~~

9 ~~(3) If~~

10 ~~(c) The commission shall order the reorganization subject to~~
11 ~~confirmation by the voters if the reorganization has been initiated~~
12 ~~by the commission pursuant to Section 56375, 56375 and protests~~
13 ~~have been submitted that meet the requirements of Section 57113.~~
14 ~~57077.6.~~

15 SEC. 8. Section 57077.5 is added to the Government Code, to
16 read:

17 57077.5. (a) In any resolution ordering a merger or
18 establishment of a subsidiary district, the commission shall approve
19 the change of organization without an election except that if the
20 change of organization meets the requirements of subdivision (b),
21 the commission shall order the change of organization subject to
22 confirmation of the voters.

23 (b) The commission shall order the change of organization
24 subject to confirmation of the voters within any subject agency as
25 follows:

26 (1) If the proposal was not initiated by the commission, and if
27 a subject agency has not objected by resolution to the proposal,
28 the commission has found that protests meet the applicable protest
29 thresholds set forth in Section 57093.

30 (2) If the proposal was not initiated by the commission, and if
31 a subject agency has objected by resolution to the proposal, written
32 protests have been submitted that meet the applicable protest
33 thresholds set forth in Section 57094.

34 (3) If the proposal was initiated by the commission, and
35 regardless of whether a subject agency has objected to the proposal
36 by resolution, written protests have been submitted that meet the
37 requirements of Section 57077.6.

38 (c) Notwithstanding subdivision (a) or (b), the commission shall
39 not order the merger or establishment of a subsidiary district
40 without the consent of the subject city.

SEC. 9. Section 57077.6 is added to the Government Code, to read:

57077.6. Notwithstanding Section 57102, 57108, or 57111, for any proposal that was initiated by the commission pursuant to subdivision (a) of Section 56375, the commission shall forward the change of organization or reorganization for confirmation by the voters if the commission finds written protests have been submitted that meet the applicable protest thresholds set forth in Section 57094.

SEC. 10. Section 57090 of the Government Code is amended to read:

57090. (a) Except as otherwise provided in subdivision (b), if proceedings are terminated, either by majority protest as provided in Sections ~~57075, 57076~~, 57075 and 57077, or if a majority of voters do not confirm the change of organization or reorganization as provided in Section 57179, no substantially similar proposal for a change of organization or reorganization of the same or substantially the same territory may be filed with the commission within two years after the date of the certificate of termination if the proposal included an incorporation or city consolidation and within one year for any other change of organization or reorganization.

(b) The commission may waive the requirements of subdivision (a) if it finds these requirements are detrimental to the public interest.

SEC. 11. Chapter 4.5 (commencing with Section 57091) is added to Part 4 of Division 3 of Title 5 of the Government Code, to read:

CHAPTER 4.5. PROTEST THRESHOLDS

57091. (a) For purposes of Section 57075, relating to annexations, detachments, and latent powers, in the case of registered voter districts or cities:

(1) For inhabited territory, the commission shall take one of the following actions:

(A) Terminate proceedings if a majority protest exists in accordance with Section 57078.

(B) Order the change of organization or reorganization subject to confirmation by the registered voters residing within the affected

1 territory if written protests have been filed and not withdrawn by
2 either of the following:

3 (i) At least 25 percent, but less than 50 percent, of the registered
4 voters residing in the affected territory.

5 (ii) At least 25 percent of the number of owners of land who
6 also own at least 25 percent of the assessed value of land within
7 the affected territory.

8 (C) Order the change of organization or reorganization without
9 an election if subparagraphs (A) and (B) of this paragraph do not
10 apply.

11 (2) For uninhabited territory, the commission shall take either
12 of the following actions:

13 (A) Terminate proceedings if a majority protest exists in
14 accordance with Section 57078.

15 (B) Order the change of organization or reorganization if written
16 protests have been filed and not withdrawn by owners of land who
17 own less than 50 percent of the total assessed value of land within
18 the affected territory.

19 (b) For purposes of Section 57075, in the case of
20 landowner-voter districts, the commission shall take one of the
21 following actions:

22 (1) Terminate proceedings if a majority protest exists in
23 accordance with Section 57078.

24 (2) Order the change of organization or reorganization subject
25 to an election within the affected territory if written protests that
26 have been filed and not withdrawn represent either of the following:

27 (A) Twenty-five percent or more of the number of owners of
28 land who also own 25 percent or more of the assessed value of
29 land within the affected territory.

30 (B) Twenty-five percent or more of the voting power of
31 landowner voters entitled to vote as a result of owning property
32 within the affected territory.

33 (3) Order the change of organization or reorganization without
34 an election if written protests have been filed and not withdrawn
35 by less than 25 percent of the number of owners of land who own
36 less than 25 percent of the assessed value of land within the
37 affected territory.

38 57092. For purposes of Sections 57077.1, relating to
39 dissolution, 57077.2, relating to consolidation, 57077.3, relating
40 to reorganization, 57077.4, relating to dissolution and annexation,

1 and 57077.5, relating to merger or establishment of a subsidiary
2 district, the following protest thresholds shall apply:

3 (a) In the case of inhabited territory, protests have been signed
4 by either of the following:

5 (1) At least 25 percent of the number of landowners within the
6 affected territory who own at least 25 percent of the assessed value
7 of land within the affected territory.

8 (2) At least 25 percent of the voters entitled to vote as a result
9 of residing within, or owning land within, the affected territory.

10 (b) In the case of a landowner-voter district, that the territory
11 is uninhabited and that protests have been signed by at least 25
12 percent of the number of landowners within the affected territory
13 owning at least 25 percent of the assessed value of land within the
14 affected territory.

15 57093. For proposals not initiated by the commission and where
16 a subject agency has objected by resolution to the proposal, for
17 purposes of Sections 57077.1, relating to dissolution, 57077.2,
18 relating to consolidation, 57077.3, relating to reorganization,
19 57077.4, relating to dissolution and annexation, and 57077.5,
20 relating to merger or establishment of a subsidiary district, the
21 following protest thresholds shall apply:

22 (a) In the case of inhabited territory, protests have been signed
23 by either of the following:

24 (1) At least 25 percent of the number of landowners within any
25 subject agency within the affected territory who own at least 25
26 percent of the assessed value of land within the affected territory.

27 (2) At least 25 percent of the voters entitled to vote as a result
28 of residing within, or owning land within, any subject agency
29 within the affected territory.

30 (b) In the case of a landowner-voter district, that the territory
31 is uninhabited and protests have been signed by at least 25 percent
32 of the number of landowners within any subject agency within the
33 affected territory, owning at least 25 percent of the assessed value
34 of land within the subject agency.

35 57094. For purposes of Section 57077.6, relating to proposals
36 initiated by the commission, the following protest thresholds shall
37 apply:

38 (a) In the case of inhabited territory, protests have been signed
39 by either of the following:

1 (1) At least 10 percent of the number of landowners within any
2 subject agency within the affected territory who own at least 10
3 percent of the assessed value of land within the territory. However,
4 if the number of landowners within a subject agency is less than
5 300, the protests shall be signed by at least 25 percent of the
6 landowners who own at least 25 percent of the assessed value of
7 land within the affected territory of the subject agency.

8 (2) At least 10 percent of the voters entitled to vote as a result
9 of residing within, or owning land within, any subject agency
10 within the affected territory. However, if the number of voters
11 entitled to vote within a subject agency is less than 300, the protests
12 shall be signed by at least 25 percent of the voters entitled to vote.

13 (b) In the case of a landowner-voter district, the territory is
14 uninhabited and protests have been signed by at least 10 percent
15 of the number of landowners within any subject agency within the
16 affected territory, who own at least 10 percent of the assessed value
17 of land within the territory. However, if the number of landowners
18 entitled to vote within a subject agency is less than 300, protests
19 shall be signed by at least 25 percent of the landowners entitled to
20 vote.

21 SEC. 12. Section 57107 of the Government Code is repealed.

22 ~~57107. (a) In any resolution ordering a merger or establishment~~
23 ~~of a subsidiary district, the commission shall approve the change~~
24 ~~of organization without an election except that if the change of~~
25 ~~organization meets the requirements of subdivision (b), the~~
26 ~~commission shall order the change of organization subject to~~
27 ~~confirmation of the voters.~~

28 ~~(b) The commission shall order the change of organization~~
29 ~~subject to confirmation of the voters within any subject agency as~~
30 ~~follows:~~

31 ~~(1) If the proposal was not initiated by the commission, and if~~
32 ~~a subject agency has not objected by resolution to the proposal,~~
33 ~~the commission has found that protests meet one of the following~~
34 ~~protest thresholds:~~

35 ~~(A) In the case of inhabited territory, protests have been signed~~
36 ~~by either of the following:~~

37 ~~(i) At least 25 percent of the number of landowners within the~~
38 ~~affected territory who own at least 25 percent of the assessed value~~
39 ~~of land within the territory.~~

1 ~~(ii) At least 25 percent of the voters entitled to vote as a result~~
2 ~~of residing within, or owning land within, the affected territory.~~

3 ~~(B) In the case of a landowner-voter district, that the territory~~
4 ~~is uninhabited and that protests have been signed by at least 25~~
5 ~~percent of the number of landowners within the affected territory~~
6 ~~owning at least 25 percent of the assessed value of land within the~~
7 ~~territory.~~

8 ~~(2) If the proposal was not initiated by the commission, and if~~
9 ~~a subject agency has objected by resolution to the proposal, written~~
10 ~~protests have been submitted as follows:~~

11 ~~(A) In the case of inhabited territory, protests have been signed~~
12 ~~by either of the following:~~

13 ~~(i) At least 25 percent of the number of landowners within any~~
14 ~~subject agency within the affected territory who own at least 25~~
15 ~~percent of the assessed value of land within the territory.~~

16 ~~(ii) At least 25 percent of the voters entitled to vote as a result~~
17 ~~of residing within, or owning land within, any subject agency~~
18 ~~within the affected territory.~~

19 ~~(B) In the case of a landowner-voter district, that the territory~~
20 ~~is uninhabited and protests have been signed by at least 25 percent~~
21 ~~of the number of landowners within any subject agency within the~~
22 ~~affected territory, owning at least 25 percent of the assessed value~~
23 ~~of land within the subject agency.~~

24 ~~(3) If the proposal was initiated by the commission, and~~
25 ~~regardless of whether a subject agency has objected to the proposal~~
26 ~~by resolution, written protests have been submitted that meet the~~
27 ~~requirements of Section 57113.~~

28 ~~(e) Notwithstanding subdivision (a) or (b), the commission shall~~
29 ~~not order the merger or establishment of a subsidiary district~~
30 ~~without the consent of the subject city.~~

31 SEC. 13. Section 57113 of the Government Code is repealed.

32 ~~57113. Notwithstanding Section 57102, 57108, or 57111, for~~
33 ~~any proposal that was initiated by the commission pursuant to~~
34 ~~subdivision (a) of Section 56375, the commission shall forward~~
35 ~~the change of organization or reorganization for confirmation by~~
36 ~~the voters if the commission finds either of the following:~~

37 ~~(a) In the case of inhabited territory, protests have been signed~~
38 ~~by either of the following:~~

39 ~~(1) At least 10 percent of the number of landowners within any~~
40 ~~subject agency within the affected territory who own at least 10~~

1 percent of the assessed value of land within the territory. However,
2 if the number of landowners within a subject agency is less than
3 300, the protests shall be signed by at least 25 percent of the
4 landowners who own at least 25 percent of the assessed value of
5 land within the territory of the subject agency.

6 (2) ~~At least 10 percent of the voters entitled to vote as a result~~
7 ~~of residing within, or owning land within, any subject agency~~
8 ~~within the affected territory. However, if the number of voters~~
9 ~~entitled to vote within a subject agency is less than 300, the protests~~
10 ~~shall be signed by at least 25 percent of the voters entitled to vote.~~

11 (b) ~~In the case of a landowner-voter district, the territory is~~
12 ~~uninhabited and protests have been signed by at least 10 percent~~
13 ~~of the number of landowners within any subject agency within the~~
14 ~~affected territory, who own at least 10 percent of the assessed value~~
15 ~~of land within the territory. However, if the number of landowners~~
16 ~~entitled to vote within a subject agency is less than 300, protests~~
17 ~~shall be signed by at least 25 percent of the landowners entitled to~~
18 ~~vote.~~

19 SEC. 14. Section 116687 of the Health and Safety Code is
20 amended to read:

21 116687. (a) For purposes of this section, the following terms
22 have the following meanings:

23 (1) “District” means the Sativa-Los Angeles County Water
24 District.

25 (2) “Commission” means the Local Agency Formation
26 Commission for the County of Los Angeles.

27 (b) To provide affordable, safe drinking water to disadvantaged
28 communities, the state board shall order the district to accept
29 administrative and managerial services, including full management
30 and control, from an administrator selected by the state board, as
31 prescribed in Section 116686, except that the state board is not
32 required to conduct a public meeting as described in paragraph (2)
33 of subdivision (b) of Section 116686.

34 (c) (1) Upon the appointment of an administrator, all of the
35 following apply:

36 (A) Notwithstanding Article 1 (commencing with Section
37 30500) of Chapter 1 of Part 3 of Division 12 of the Water Code,
38 the district’s board of directors shall surrender all control to the
39 appointed administrator and shall thereafter cease to exist.

1 (B) The members of the board of directors of the district shall
2 have no standing to represent the district's ratepayers, and a
3 member of the board of directors shall have no claim for benefits
4 other than those the member actually received while a member of
5 the board of directors.

6 (C) Any action by the board of directors to divest the district of
7 its assets shall be deemed tampering with a public water system
8 pursuant to Section 116750 and is subject to the criminal penalties
9 provided for in that section.

10 (2) Within 90 days of the appointment of an administrator, the
11 Controller shall perform a desk audit or financial review of the
12 district. The state board shall exercise its legal authority to facilitate
13 the desk audit or financial review, including, but not limited to,
14 its authority to take possession of the district's financial records.

15 (3) Any decision by the commission about the dissolution or
16 consolidation of the district is not subject to the provisions of
17 ~~Section 57113~~ 57077.6 of the Government Code, nor to any other
18 requirement for a protest proceeding or election. The commission
19 shall not impose any condition on the successor agency that
20 requires a protest proceeding or an election, as described in Part
21 4 (commencing with Section 57000) and Part 5 (commencing with
22 Section 57300) of Division 3 of Title 5 of the Government Code,
23 respectively.

24 (4) If the commission approves a dissolution of the district
25 initiated by the commission, a successor agency designated in the
26 dissolution by the commission, in consultation with the
27 commission, may solicit proposals, evaluate submittals, and select
28 any public water system to be the receiving water system and
29 subsume all assets, liabilities, adjudicated water rights,
30 responsibilities, and service obligations to provide retail water
31 service to existing and future ratepayers within the former territory
32 of the district. The successor agency shall represent the interests
33 of the public and the ratepayers in the former territory of the
34 district.

35 (d) The state board may provide additional funding to the
36 administrator or the Water Replenishment District of Southern
37 California or the successor agency designated by the commission
38 for urgent infrastructure repairs to the public water system of the
39 district without regard to the future ownership of any facilities
40 affected by this funding. For purposes of this section, "urgent

1 infrastructure repairs” are those that are immediately necessary to
2 protect the public health, safety, and welfare of those served by
3 the district.

4 (e) If the district is consolidated with a receiving water system
5 as prescribed in Sections 116682 and 116684, the subsumed
6 territory of the district may include both unincorporated territory
7 of the County of Los Angeles and incorporated territory of the
8 City of Compton.

9 (f) (1) Any administrator appointed pursuant to subdivision
10 (b), any successor agency to the district designated by the
11 commission to take over the district, any receiving operator of a
12 public water system that provides service to the territory of the
13 district, any water corporation that acquires the district, and the
14 commission shall not be held liable for claims by past or existing
15 district ratepayers or those who consumed water provided through
16 the district concerning the operation and supply of water from the
17 district during the interim operation period specified in subdivision
18 (g) for any good faith, reasonable effort using ordinary care to
19 assume possession of the territory of, to operate, or to supply water
20 to the ratepayers within the territory of, the district.

21 (2) Any administrator appointed pursuant to subdivision (b),
22 any successor agency to the district designated by the commission
23 to take over the district, any receiving operator of a public water
24 system that provides service to the territory of the district, any
25 water corporation that acquires the district, and the commission
26 shall not be held liable for claims by past or existing district
27 ratepayers or those who consumed water provided through the
28 district for any injury that occurred prior to the commencement of
29 the interim operation period specified in subdivision (g).

30 (g) (1) Notwithstanding subdivision (d) of Section 116684, for
31 any successor agency to the district designated by the commission
32 to take over the district, any receiving operator of a public water
33 system that provides service to the territory of the district, or any
34 water corporation that acquires the district, the interim operation
35 period shall commence upon the execution of an agreement or
36 designation by the commission to provide water services to the
37 district and shall end one year later. Upon the showing of good
38 cause, the interim operation period shall be extended by the
39 commission for up to three successive one-year periods at the
40 request of an entity described in this paragraph.

1 (2) For the administrator appointed pursuant to subdivision (b),
2 the interim operation period commences upon being appointed by
3 the state board and ends when a successor agency has been
4 designated by the commission to provide water service to
5 ratepayers of the district, when a receiving water agency is
6 consolidated with or extends service to ratepayers of the district,
7 when a water corporation acquires the district with the approval
8 of the Public Utilities Commission, or when the administrator's
9 obligation to provide interim administrative and managerial
10 services has otherwise ended.

O



The Cortese-Knox-Hertzberg

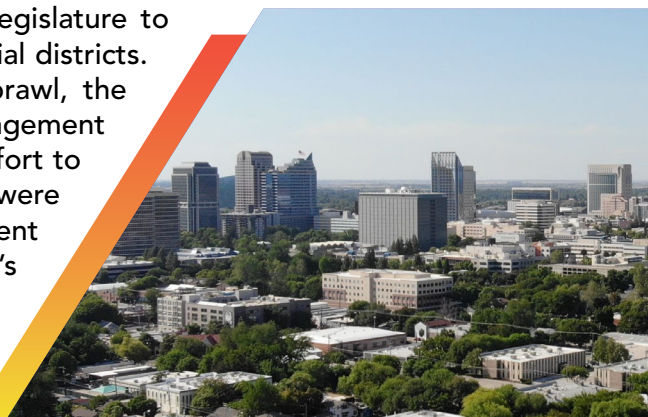
Local Government Reorganization Act of 2000:

Protest Proceedings

FACT SHEET:
SB 938 (HERTZBERG)

BACKGROUND

LAFcos are independent regulatory commissions created by the Legislature to control the boundaries of cities, county service areas, and most special districts. The purpose of LAFcos includes the discouragement of urban sprawl, the preservation of agricultural and open space lands, and the encouragement of the orderly formation and development of local agencies. In an effort to better meet these obligations, the duties and authority of LAFcos were significantly modified by the Cortese-Knox-Hertzberg Local Government Reorganization Act of 2000 (AB 2838, Hertzberg). Chief among the act's provisions is the authority for LAFcos to conduct Municipal Service Reviews, which, among other things, provide information to guide districts in performance improvement. These reviews can serve as a catalyst for LAFcos to initiate district consolidations or dissolutions.



In response to a recommendation made in the 2017 Little Hoover Commission report (Special Districts: Improving Oversight and Transparency), the California Association of Local Agency Formation Commissions (CALAFCO) initiated a working group of stakeholders in early 2019 to discuss the protest process for consolidations and dissolutions of special districts.

The statutes related to protest provisions and the disparate protest thresholds established for LAFco-initiated actions (10 percent) and all other initiated actions (25 percent) make addressing necessary and appropriate special district consolidations and dissolutions considerably more difficult when initiated by a LAFco. Further, they serve as a deterrent for LAFco to initiate action, even if meaningful efficiencies in the provision of public services could be achieved or if a district is failing to meet its statutory requirements.

The working group agreed on three main deliverables:



*First was to review the **protest provisions** within the Cortese-Knox-Hertzberg Local Government Reorganization Act of 2000 (The Act) for relevance and to delete any obsolete provisions, which was accomplished through AB 1581 (2021).*



*The second deliverable was to **redraft existing scattered protest code sections** within The Act into a single code section to simplify the reading of the code section.*



*The final—and most challenging—deliverable was to **examine the differing protest thresholds** relating to LAFco-initiated actions and all other initiated actions.*



AFTER CONSIDERABLE NEGOTIATION, THE WORKING GROUP GAVE CONSENSUS ON THE FOLLOWING CHANGES TO CKH:



The redrafting of existing protest code sections into one main section to simplify the reading of the section, and to add minor, non-substantive clarifications;



Create specific circumstances under which a LAFCo may initiate dissolution of a district with a 25% protest threshold, with determinations documented in a Municipal Service Review and presented at a 21-day noticed public hearing;



Allow for a minimum 12-month remediation period for the district with a progress report provided by the district to the LAFCo halfway through the remediation period; and



A second 21-day noticed public hearing to determine if the identified issues have been mitigated, which would result in the LAFCo either terminating the dissolution or moving forward with the dissolution using 25% protest threshold under the standard protest hearing process already in statute, with a public notice period of 60 days.



The overarching goal of these changes is to ensure that LAFCOs have the tools they need to carry out their statutory obligations to ensure orderly and functioning local government services and to create greater consistency in the statute.

SUMMARY

SB 938 represents a collaborative three-year effort to clean up, consolidate, and clarify existing statutory provisions associated with consolidations and dissolutions, as well as codify the conditions under which a LAFCo may initiate dissolution of a district at the 25 percent protest threshold.

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February 25, 2022

Honorable Robert Hertzberg
California State Senate
1021 O Street, Room 8610
Sacramento, CA 95814

RE: **SUPPORT of SB 938: The Cortese-Knox-Hertzberg Local Government Reorganization Act of 2000: protest proceedings: procedural consolidation.**

Dear Senator Hertzberg:

The California Association of Local Agency Formation Commissions (CALAFCO) is pleased to sponsor and **support SB 938**, which makes changes to the Cortese-Knox-Hertzberg Local Government Reorganization Act of 2000 (The Act). **SB 938** represents a collaborative three-year effort to clean up, consolidate, and clarify existing statutory provisions associated with consolidations and dissolutions, as well as codify the conditions under which a Local Agency Formation Commission (LAFCo) may initiate dissolution of a district at the 25% protest threshold (the latter of which are proposed amendments).

The statutes related to protest provisions and the disparate protest thresholds established for LAFCo-initiated actions (10%) and all other initiated actions (25%) make addressing necessary and appropriate special district consolidations and dissolutions considerably more difficult when initiated by a LAFCo. Further, they serve as a deterrent for LAFCo to initiate action, even if meaningful efficiencies in the provision of public services could be achieved or if a district is failing to meet its statutory requirements. A statewide study conducted by CALAFCO in 2018 found that the 10% protest threshold was the second-most common deterrent for LAFCOs initiating action (the first being the lack of funding).

In response to a recommendation made in the 2017 Little Hoover Commission report after a year-long study (*Special Districts: Improving Oversight and Transparency*), CALAFCO initiated a working group of stakeholders in early 2019 to examine the protest process for consolidations and dissolutions of special districts. After three years of work (delayed due to the pandemic), the working group came to consensus on the redraft of existing protest statutes (representative of **SB 938** as introduced) and a new process that allows LAFCOs to initiate dissolution of a district at the 25% protest threshold under specific circumstances (pending amendment into **SB 938**).

Specifically, the proposed amendments will:

- Codify specific circumstances under which a LAFCo may initiate dissolution of a district with a 25% protest threshold, which include conditions such as documented chronic service deficiencies that have gone unaddressed, spending of public funds in an unlawful or reckless manner and a failure to address, willful neglect of consistently adhering to public disclosure laws, failing to meet the minimum number of times required by statute without taking steps to remediate the failures, or consistent failure to perform audits or meet other statutory financial requirements.
- Require LAFCo to document any such deficiency in determinations contained within a Municipal Service Review (MSR).
- Require LAFCo to present the MSR in a 21-day noticed public hearing. At that time the LAFCo may choose to adopt a resolution of intent to dissolve the district. The resolution shall specify a minimum 12-month remediation period.

- The district will have a minimum of 12 months to remediate the deficiencies.
- Half-way through the remediation period, the district shall provide LAFCo a written report on the progress of their remediation efforts. The report is to be placed on a LAFCo meeting agenda and presented at a LAFCo meeting.
- At the conclusion of the remediation period, LAFCo shall conduct another 21-day noticed public hearing to determine if the district has remedied the deficiencies. If the district has resolved the issues, the LAFCo shall rescind the resolution of intent to dissolve the district and the matter is dropped. If not, the LAFCo may adopt a resolution making determinations to dissolve the district.
- The current standard 30-day reconsideration period remains in place.
- Protest proceedings at 25% threshold are noticed with a required 60-day protest period. (Current statute allows for a 21 – 60 day protest period, but for these specific situations the period is 60 days).
- The LAFCo conducts the protest hearing and the amount of qualified protests is determined based on a 25% threshold. LAFCo either orders dissolution, election, or termination (pursuant to existing law).

The overarching goal of these changes is to ensure that LAFCOs have the tools they need to carry out their statutory obligations to ensure orderly and functioning local government services and to create greater consistency in the statute. The specific circumstances under which a dissolution may be initiated are more than reasonable and the subsequent process includes three noticed public hearings, a minimum 12-month remediation period, and a 60-day protest period, all of which are extremely practical. Additionally, the proposed process for LAFCo-initiated actions at the 25% protest threshold applies only to dissolutions, making the scope of use exceptionally narrow.

The 18-member working group consisted of a broad group of stakeholder representatives from CALAFCO (including Executive Officers and legal counsel), the California Special Districts Association (CSDA) (including board members and staff from water, resource conservation and fire protection districts, as well as legal counsel), a shared CALAFCO-CSDA Board member, and representatives from the League of California Cities, California State Association of Counties (CSAC), and the Senate Governance and Finance and Assembly Local Government Committees. CALAFCO greatly appreciates the working group participants for their hard work and dedication to this endeavor.

SB 938 makes much needed and long-awaited improvements to The Act through the restructure and clarification of existing protest provisions, and addition of a fair and appropriate process that offers LAFCOs additional tools necessary to effectively fulfill their statutory obligations.

We thank you for your authorship of this critical legislation and for continuing your long support of the work of LAFCOs. For all these reasons, we are pleased to sponsor and support your bill **SB 938**.

Yours sincerely,



Pamela Miller
Executive Director

cc: Members, Senate Governance and Finance Committee
Anton Favorini-Csorba, Consultant, Senate Governance and Finance Committee
Ryan Eisberg, Consultant, Senate Republican Caucus



Senate Bill 938

Attachment 6

Cortese-Knox-Hertzberg Local Government Reorganization Act: LAFCO Protest Reforms

As Proposed to Be Amended

SUMMARY

SB 938 clarifies existing statutory provisions regarding consolidations and dissolutions of special districts, and creates new conditions under which a Local Agency Formation Commission (LAFCO) may initiate dissolution of a special district.

BACKGROUND

LAFCOs are independent regulatory commissions created by the Legislature to control the boundaries of cities, county service areas, and most special districts. Among the purpose of LAFCOs includes the discouragement of urban sprawl, the preservation of agricultural and open space lands, and the encouragement of the orderly formation and development of local agencies. In an effort to better meet these obligations, the duties and authority of LAFCOs were significantly modified by the Cortese-Knox-Hertzberg Local Government Reorganization Act of 2000 (AB 2838, Hertzberg). Chief among the act's provisions is the authority for LAFCOs to conduct Municipal Service Reviews, which, among other things, provide information to guide districts in performance improvement. These reviews can serve as a catalyst for LAFCOs to initiate district consolidations or dissolutions.

ISSUE

In 2017, the Little Hoover Commission released a [report](#) reviewing the state's 58 LAFCOs and recommended several measures to strengthen their oversight of special districts. Notably, the report highlighted a complicated and inconsistent set of rules for the dissolution or consolidation of a special district. If a LAFCO initiates an action, the action must go to a public vote if only 10 percent of the district's constituents protest; for a non-LAFCO initiation of the very same action, a public vote is only required if 25 percent of the affected constituents protest the action. These disparate protest thresholds make necessary special district consolidations and dissolutions considerably more difficult when initiated by a LAFCO. Further, they serve as a deterrent for LAFCOs to initiate action in the first place, even if meaningful efficiencies in the provision of public services could be achieved, or if a district is failing to meet its statutory requirements.

SB 938 (HERTZBERG)

Following the Little Hoover Commission report, the California Association of Local Agency Formation Commissions (CALAFCO) formed a working group to discuss the consolidation and dissolution process and to provide LAFCOs with the tools they need to carry out their statutory obligations. Consistent with agreements made in this three-year effort, SB 938, as proposed to be amended, creates specific conditions under which a LAFCO may initiate dissolution of a special district with a 25 percent protest threshold, including:

- Determinations for the proposed action must be documented in a Municipal Service Review and presented at a 21-day noticed public hearing;
- The district in question must be granted a minimum 12-month remediation period and an opportunity to provide a progress report to the LAFCO prior to taking any action;
- A second 21-day public hearing must be held to determine if the identified issues are mitigated, resulting in the LAFCO either terminating the dissolution, or moving forward under the standard protest hearing process outlined in existing law with a public notice period of 60 days.

SUPPORT

California Association of Local Agency Formation Commissions (Sponsor)



PROTEST THRESHOLD RESOLUTION PROPOSAL (To be amended into SB 938)

PROCESS OUTLINE

Commission Proceedings LAFCo Initiated Dissolution		
	Current Process	Proposed Process
<p>Step 1: Resolution of application</p> <p>NEW Proposed process Step 1: Adoption/acceptance/approval of MSR with any determinations described in the required conditions list.</p>	<p>Commission adopts a resolution of application for dissolution of district (§ 56375(a)(2))</p>	<p>Commission approves, adopts or accepts the MSR and determinations in a 21-day noticed public hearing.</p> <p>(Changes to be made in 56375)</p>
<p>Step 2:</p> <p>NEW Proposed process step 2: Adopt resolution of intent to initiate dissolution.</p>		<p>Should the determinations point to a condition described in the required conditions list, the LAFCo may also adopt a resolution of intent to initiate dissolution of the district. Resolution must contain the prescribed remediation period (of not less than 12 months). This does not trigger the dissolution process. Instead, it gives the district the remediation period to resolve. This can be done at the same hearing, a separate 21-day noticed public hearing following the previous action, or at a later time.</p>
<p>Step 3:</p> <p>NEW Remediation Period Mid-Point Check-In</p>		<p>Remediation period – district takes steps to remedy deficiencies in the time frame identified by commission.</p> <p>District provides LAFCo a progress report at the half-way point of the remediation period (as adopted in the resolution) at a regularly scheduled commission meeting.</p>
<p>Step 4:</p> <p>NEW Public Hearing to determine final action at end of remediation period</p>		<p>Public Hearing – Commission holds 21-day noticed public hearing at the end of the remediation period to determine</p>

		<p>if district has remedied deficiencies.</p> <p>If district has resolved issues, commission rescinds the resolution of intent to dissolve the district and the matter is dropped.</p> <p>If not, commission adopts a resolution making determinations to dissolve the district</p>
Step 5:	Reconsideration - Approval of dissolution begins 30-day reconsideration period (§ 56895)	Same
Step 6:	Protest – Initiate protest proceedings (can be initiated prior to end of reconsideration period)	Same
Conducting Authority (Protest) Proceedings		
	Current Process	Proposed Process
Step 6: Protest process	Protest hearing is scheduled, and public notice given. Public notice begins protest period of 21 to 60 days (§ 57002). Protest hearing must be held in affected territory (§ 57008)	60 days only for these specific instances. (All others remain at 21-60 days.)
Step 7: Protest hearing	Protest hearing is held and amount of qualified protests determined, pursuant to § 57113 (10% threshold)	Protest hearing is held and amount of qualified protests determined, pursuant to § 57077.1 (at 25% threshold)
Step 8: Dissolution ordered	Order dissolution, election, or termination	Same

REQUIRED CONDITIONS

If a final MSR approved by the Commission in an open and public meeting per the process above includes findings, based on a preponderance of the evidence, that one or more of the following conditions have been met, then the LAFCO may utilize a new LAFCO-initiated dissolution process with a 25 percent protest threshold:

1. The agency has one or more documented chronic service provision deficiencies that substantially deviate from industry or trade association standards or other government regulations and its board or management is not actively engaged in efforts to remediate the documented service deficiencies.
2. The agency spent public funds in an unlawful or reckless manner inconsistent with the principal act or other statute governing the agency and has not taken any action to prevent similar future spending.
3. The agency has consistently shown willful neglect by failing to consistently adhere to the California Public Records Act and other public disclosure laws the agency is subject to.
4. The agency has failed to meet the minimum number of times required in its governing act in the prior calendar year and has taken no action to remediate the failures to meet to ensure future meetings are conducted on a timely basis.
5. The agency has consistently failed to perform timely audits in the prior three years, or failed to meet minimum financial requirements under Government Code section 26909 over the prior five years as an alternative to performing an audit, or the agency's recent annual audits show chronic issues with the agency's fiscal controls and the agency has taken no action to remediate the issues.