

Date of Hearing: June 5, 2024

ASSEMBLY COMMITTEE ON LOCAL GOVERNMENT

Juan Carrillo, Chair

SB 994 (Roth) – As Amended March 19, 2024

SENATE VOTE: 37-0

SUBJECT: Local government: joint powers authority: transfer of authority.

SUMMARY: Allows the March Joint Powers Authority (MJPA) to transfer jurisdiction over its community facilities districts (CFDs) and landscaping and lighting maintenance districts (LLMDs) to Riverside County. Specifically, **this bill:**

- 1) Provides that for the purposes of streamlining the return of land use authority to Riverside County and ensuring the continued maintenance of public infrastructure, the MJPA may do the following:
 - a) Transfer jurisdiction over any LLMD, established pursuant to the Landscaping and Lighting Act of 1972 (1972 Act), to Riverside County pursuant to a joint resolution setting forth the mutually agreed upon terms and conditions under which the transfer is to take place.
 - b) Transfer jurisdiction over any CFD, established pursuant to the Mello-Roos Community Facilities Act of 1982 (CFD Law), to Riverside County pursuant to the requirements of that act and in the same manner as a county may transfer the authority for the governance of those districts to a city under CFD Law.
- 2) Specifies that for the purposes of this bill, the “MJPA” means a public entity created pursuant to JPA Law and composed of the cities of Moreno Valley, Perris, and Riverside and Riverside County.
- 3) Finds and declares that a special statute is necessary and that a general statute cannot be made applicable because of the unique circumstances in Riverside County and the cities of Moreno Valley, Perris, and Riverside.

FISCAL EFFECT: None.

COMMENTS:

- 1) **Bill Summary and Author’s Statement.** This bill allows the MJPA to transfer jurisdiction over its CFD and LLMDs to Riverside County, as specified. Riverside County is the sponsor of this bill.

According to the author, “On July 1, 2025 the March Joint Powers Authority will transfer the land use authority of the former March Air Force Base to Riverside County. SB 994 allows for the County of Riverside to assume the obligations from the March Joint Powers Authority (MJPA) as the governing agency of the Landscaping and Lighting District (LLMD) as well as the Community Facilities District (CFD) that were created and approved by businesses located within the area controlled by the MJPA.

“These special districts were created to share the costs of landscaping, road repairs, street lighting, street signage, and storm drainage between businesses on the MJPA property, with the MJPA acting as the governing agency to oversee the maintenance, repairs, and annual assessment adjustments. While it may be possible for the MJPA to continue as the governing agency, it is appropriate that the County of Riverside assume these obligations along with land use authority.

“The transfer of land use authority from the MJPA to the County of Riverside was conducted through an administrative process. However, the transfer of the obligations to maintain and operate the special districts for the benefit of the beneficiaries cannot be accomplished administratively. This transfer of obligations for the special districts to the County requires legislation in order to avoid a potentially long and costly election process.”

- 2) **Joint Powers Authorities.** JPA Law allows two or more public agencies to use their powers in common if they sign an agreement. Sometimes an agreement creates a new, separate public entity called a joint powers agency or joint powers authority. Entities that can exercise joint powers include federal agencies, state departments, counties, cities, special districts, school districts, federally recognized tribal governments, and even other joint powers authorities.
- 3) **Assessments.** Not everyone benefits from all of the services or facilities that a local government provides. When a specific project or particular service benefits only a well-defined group of property owners, public policy generally attempts to assign the costs of services and facilities to those who receive the benefits. Articles XIII C and XIII D of the California Constitution allow for the imposition of “benefit assessments” for precisely this purpose. The amount of the assessment must be directly related to the amount of the benefit the property receives. Benefit assessments can finance public projects like flood control, street improvement, streetlights, and public landscaping, among many others.

California statute authorizes local agencies to adopt a wide variety of assessments through the formation of assessment districts. An assessment district is not a separate government agency but rather a defined area containing the properties that benefit the most from certain public improvements. Within this defined area, the legislative body approves a benefit formula to apportion and levy the special assessments.

With the passage of Proposition 218 (1996), which added Article XIII D to the California Constitution, assessments became more difficult to impose, including those levied by assessment districts, because it required property owners to approve any new assessments. In general, Proposition 218 curbed the use property-related charges to pay for general governmental services.

- 4) **1972 Act.** The 1972 Act is a tool used by local agencies to pay for landscaping, lighting, and other improvements and services in public areas known as LLMDs by levying assessments. Bonds can be issued to finance improvements under the 1972 Act. Under the 1972 Act, a broad range of improvements can be financed, including:
 - a) Acquisition or construction of landscaping; public lighting facilities, such as streetlights and traffic lights; recreational improvements, such as parks; ornamental features, such as

statues and fountains; and any facilities attached or related to these types of improvements.

- b) Acquisition of land for parks and open spaces.
- c) Acquisition or construction of community centers, municipal auditoriums, halls, or other similar facilities.
- d) Acquisition of any existing asset that a district would otherwise be able to construct.
- e) Maintenance of any of the above.

The agency that creates the LLMD may order various changes in organization for the district, including adding or removing territory, and dissolving or consolidating districts provided they do not alter the obligation of property owners to pay off the LLMD's debt. Among other changes, if a city incorporates or annexes territory to include the whole area of an existing LLMD, then the county can transfer the LLMD to the city with a resolution jointly approved by the county and the new city. This allows the LLMD assessment to continue rather than requiring the county to dissolve the existing LLMD and have the newly created or expanded city create a new one.

The MJPA created a LLMD under the 1972 Act. The LLMD levies an assessment on business properties ranging from \$1,034 to \$4,541 per acre per year, depending on the business's location, to build streetlights, landscaping, and signage around the businesses subject to the assessment.

- 5) **Mello-Roos.** The Mello-Roos Community Facilities Act allows counties, cities, special districts, and school districts to levy special taxes (parcel taxes) to finance a wide variety of public works, including parks, recreation centers, schools, libraries, child care facilities, and utility infrastructure. A CFD issues bonds against these special taxes to finance the public works projects.

To initiate the formation of a CFD, a local agency's legislative body must adopt a resolution of intention to establish the district, which must do all of the following: describe the district's boundaries; describe the facilities and services proposed to be financed; state that a special tax, secured by a lien against real property, will be annually levied; specify, in detail, the rate, method of apportionment, and manner of collections of the special tax; and, fix a time and place for public hearing. After holding the hearing and considering protests, the legislative body, to establish the CFD, must adopt a resolution of formation containing all of the information provided in the resolution of intention; and, if a special tax is to be levied, include additional information about the tax levy.

A county is authorized to transfer the jurisdiction of one or more CFDs to a city upon written agreement entered into between the governing boards of the county and the city and the satisfaction of any conditions contained in the agreement. The transfer of jurisdiction of a CFD is only effective if all of the following occur:

- a) An amended boundary map of the CFD is recorded with the county recorder.

- b) An amended notice of special tax lien is recorded with the county recorder.
- c) A notice is mailed by the clerk of the governing board of the city to each property owner within the CFD as indicated on the latest secured assessment roll of the county and the notice contains specific information.
- d) The city adopts specified policies.
- e) For a CFD with outstanding bonded indebtedness, replacement bonds stating that the transfer of jurisdiction is being made in accordance with CFD Law must have been executed and delivered by the governing board of the city and delivered to the fiscal agent for the bonds.
- f) The governing board of the county must have adopted a resolution granting its final consent to the transfer of jurisdiction for the district.

While current law details a process for a county to transfer a CFD to a city, there is no corresponding authority to transfer jurisdiction of a CFD from a JPA to a county. MJPA's CFD was created to cover maintenance costs for the U.S. Veterans Transition Housing Facility and the Signature Healthcare Facility. The CFD levies a tax of \$5,786 per acre per year on the parcels of these facilities.

- 6) **March JPA.** According to the MJPA, March Air Force Base (AFB) served as an active duty aerial refueling and deployment base since 1918, and encompassed approximately 6,500 acres. Recommended for realignment for Base Realignment and Closure (BRAC) in 1993, March AFB converted to March Air Reserve Base (ARB) on April 1, 1996, making the approximately 4,400 acres of property and a number of buildings surplus. The MJPA formed in 1993 and is charged with the responsibility of base reuse, planning, and development, including establishing a joint-use aviation facility. The MJPA was formed by Riverside County and the cities of Moreno Valley, Perris, and Riverside. Each of these four jurisdictions selects two of its elected governing board members to serve on the MJPA board.

In April 2023, the member agencies of MJPA voted to amend the agreement to wind down its functions, including MJPA's land use functions. The land use functions are to be transferred to Riverside County on July 1, 2025. Riverside County wants to transfer the LLMD and the CFD from MJPA to the County, so MJPA only does what it cannot transfer. However, neither the 1972 Act nor the Mello-Roos Act allow a JPA to transfer its jurisdiction to a county. Rather than dissolve the two districts, the County wants to allow MJPA to transfer jurisdiction to the County.

- 7) **Arguments in Support.** According to the sponsor, Riverside County, "The March Joint Powers Authority was established in 1993 to facilitate the reuse of the territory of the former March Air Force Base that is not presently operated by the March Air Reserve Base. Comprised of the County of Riverside and the Cities of Moreno Valley, Perris, and Riverside, the MJPA was tasked with planning and executing new uses for vacant lands, reuse of existing facilities, and joint use of the airfield facilities after the federal government realigned March Air Force Base to March Air Reserve Base. The March JPA territory has been redeveloped in accordance with California land use and planning laws with a variety of uses; the JPA has developed significant public infrastructure and landscaping, which it

maintains directly and through a landscape and lighting maintenance district pursuant to the Landscaping and Lighting Act of 1972 and a community facilities district established pursuant to the Mello-Roos Community Facilities Act of 1982.

“Now that MJPA’s task of redeveloping the former March Air Force Base is nearing completion, the member agencies have voted to amend the joint powers agreement to eliminate the MJPA’s land use authority effective July 1, 2025. As a result, land use authority for the territory will return to the County of Riverside on that date. SB 994 provides helpful statutory direction to allow the County to assume the obligations of the LLMD and CFD in a manner similar to what would occur under current law when a city disincorporates.”

8) **Arguments in Opposition.** None on file.

REGISTERED SUPPORT / OPPOSITION:

Support

Riverside County [SPONSOR]

City of Perris

City of Riverside

Opposition

None on file.

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