

Date of Hearing: May 10, 2017

ASSEMBLY COMMITTEE ON LOCAL GOVERNMENT

Cecilia Aguiar-Curry, Chair

AB 979 (Lackey) – As Amended April 27, 2017

SUBJECT: Local agency formation commissions: district representation.

SUMMARY: Makes changes to the statutes which govern the independent special district selection committee and representation of special districts on local agency formation commissions. Specifically, **this bill:**

- 1) Makes changes to the process in existing law which governs the representation of special districts on a local agency formation commission (LAFCO), as follows:
 - a) Deletes existing law which requires an independent special district to adopt a resolution proposing representation of special districts on LAFCO and a majority of special districts within the county to adopt a resolution of intention within one year to appoint special district members to LAFCO; *and instead,*
 - b) Requires LAFCO to adopt a resolution of intention upon receipt of a written request by one or more members of the independent special district selection committee (selection committee) representing districts having 10% or more of the assessed value of taxable property within the county, as shown on the last equalized county assessment roll. Requires LAFCO to order the executive officer to call a meeting of the selection committee, pursuant to existing law, to determine whether independent special districts shall accept representation on LAFCO.
- 2) Authorizes LAFCOs to adopt a resolution of intention in conjunction with the selection committee appointment to a countywide redevelopment successor agency oversight board (oversight board), pursuant to existing law.
- 3) Requires the resolution of intention to state that the proceedings are initiated by LAFCO to occur in conjunction with the selection committee appointment to an oversight board.
- 4) Requires the LAFCO to order the executive officer to call and give notice of a meeting of the selection committee within 15 days after the adoption of the resolution to determine all of the following:
 - a) Whether independent special districts shall accept representation on LAFCO;
 - b) The appointment of special district representation on LAFCO, pursuant to the selection committee process in existing law; and,
 - c) The appointment of independent special district representation on an oversight board.
- 5) Prohibits LAFCO from reinitiating proceedings for special district representation on LAFCO for one year, if the selection committee establishes a quorum and rejects special district representation on LAFCO.

- 6) Defines "executive officer" for the purposes of these proceedings to mean the executive officer or designee as authorized by the LAFCO.
- 7) Requires the executive officer to announce an appointment of special district representation on LAFCO within seven days of the date of the appointment.
- 8) Requires the executive officer to retain all material related to special district representation on LAFCO for a period of at least six months after the announcement of the appointment.

FISCAL EFFECT: None

COMMENTS:

- 1) **LAFCOs and Special District Representation.** LAFCOs are responsible for coordinating logical and timely changes in local governmental boundaries, conducting special studies that review ways to reorganize, simplify, and streamline governmental structures, and preparing a sphere of influence for each city and special district within each county. The courts refer to LAFCOs as the Legislature's "watchdog" over local boundary changes. The Cortese-Knox-Hertzberg Act (Act) establishes procedures for local government changes of organization, including city incorporations, disincorporations, annexations to a city or special district, and city and special district consolidations. LAFCOs regulate boundary changes through the approval or denial of proposals by other public agencies or individuals for these procedures.

The Act establishes the composition of LAFCOs to include members from the county, cities, a member of the public, and may include special districts. Existing law establishes the specific composition of the commission in a number of counties and specifies the composition for LAFCOs in counties with no cities. Of the 58 LAFCOs, 30 LAFCOs have special district representation. The Act establishes an independent special district selection committee composed of the presiding officers of the special districts in that county to appoint two regular members and one alternate member to LAFCO. Existing law requires the executive officer of a LAFCO to call for the selection committee to meet under specified circumstances: a) When the executive officer anticipates a vacancy for a special district seat; b) When there is a vacancy of a special district seat; c) If special districts with at least 10% of the countywide taxable property request a meeting; or, d) To appoint special district members to LAFCO. In order to call a meeting of the selection committee to appoint special district members to LAFCO, a special district must adopt a resolution proposing representation and a majority of all special districts within the county must also adopt resolutions within one year of the initial resolution.

- 2) **Bill Summary.** This bill deletes the process under existing law which requires a majority of special districts to adopt a resolution within a specified timeframe to gain representation on LAFCO and instead establishes a new process. Under this bill, a LAFCO must call a meeting of the special district selection committee to determine if special districts accept representation on LAFCO and to appoint special district members to LAFCO if one or more members of the selection committee representing districts with 10% or more of the assessed value of countywide taxable property make a written request. This bill also authorizes a LAFCO to call a selection committee meeting in conjunction with the committee's appointment to a countywide redevelopment successor agency oversight board to determine: whether special districts accept representation on LAFCO, the appointment of special districts on LAFCO, and the appointment of special districts on an oversight board. Under

this bill, if a special district selection committee establishes a quorum and rejects special district representation on LAFCO, the LAFCO is prohibited from reinitiating proceeding for special district representation on LAFCO for one year. This bill places a number of requirements on LAFCO to adopt a resolution, announce appointments, and maintain records that mirror requirements in existing law. This bill is co-sponsored by the California Association of Local Agency Formation Commissions and the California Special Districts Association.

- 3) **Author's Statement.** According to the author, "The most recent county to gain special district representation was Santa Clara in 2012. Organization of the county's 20 special districts to vote on an individual board resolution within a one-year period required a well-funded campaign and a part-time organizer. Simplifying the LAFCO representation process would empower special districts in the 28 counties with no special district representation to more effectively consider their participation on LAFCO. In cases where special districts choose to participate, special district representation on LAFCO would provide a more diverse and representative decision-making foundation to the LAFCO. Special districts are often instrumental in solving communities' service deficiencies and their input in these processes is of great value."
- 4) **Oversight Board.** The Legislature approved the dissolution of the state's 400-plus redevelopment agencies as part of the 2011 Budget Act. Redevelopment agencies were officially dissolved as of February 1, 2012, after a period of litigation. To help facilitate the unwinding process, successor agencies were established at the local level to manage redevelopment projects that were underway, to make payments on enforceable obligations and to dispose of redevelopment assets and properties. Each successor agency has an oversight board that supervises its work, comprised of representatives of the local agencies that serve the project area - the city, county, special districts and educational agencies. Oversight board members have a fiduciary responsibility to holders of enforceable obligations, as well as the local agencies that would benefit from property tax distributions from the former project area.

Current law requires that on or after July 1, 2018, in each county where more than one oversight board was created, there shall be only one oversight board that continues to exist in that county, and specifies the membership of that single oversight board that will exist after July 1, 2018, which may include one member appointed by the independent special district selection committee formed pursuant to the Act. According to proponents of this bill, 11 of the 37 counties that have oversight boards that need to be consolidated by July 1, 2018, do not have special district representation on LAFCO. These counties are Fresno, Imperial, Kings, Madera, Merced, San Joaquin, Solano Stanislaus, Tulare, Yolo and Yuba.

- 5) **Policy Considerations.** The Committee may wish to consider the following:
 - a) **Special District Representation on Oversight Boards.** There is no requirement in existing law that the special district selection committee must meet to make an appointment to the oversight board.

This bill grants LAFCOs the authority to call a meeting of the selection committee to determine whether special districts accept representation on LAFCO, but only in conjunction with the appointment to the oversight board. On the other hand, this bill

requires LAFCOs to call a meeting of the selection committee to determine whether special districts accept representation on LAFCO at the request of specified special districts. The Committee may wish to consider if a potential outcome of this bill will be greater representation of special districts on oversight boards, not necessarily greater representation on LAFCOs. The Committee may wish to consider if LAFCOs should be granted broader authority to call a meeting of the selection committee to determine whether special districts want to be represented on LAFCO. The LAFCO-initiated process under existing law still contains the requirement that a majority of special districts must adopt a resolution in favor of representation.

- b) **How Will the Selection Committee Determine Special District Representation?** This bill is silent on how the selection committee will determine whether independent special districts will accept representation on LAFCO. Under existing law, the selection committee is used to appoint two members and one alternate member to LAFCO. It is not clear what threshold of special districts is needed to accept representation on LAFCO.
 - c) **Costs.** Under existing law, local agreements may be reached to make changes to the one-third split of LAFCO operation costs between the county, cities, and special districts. A number of LAFCOs utilize this flexibility and instead have a memorandum of understanding between the LAFCO, board of supervisors, the city councils, and the special districts, to apportion costs. Despite this flexibility, 28 LAFCOs still do not have special district representation. The Committee may wish to consider if the changes in this bill which address the process for representation will be enough despite concerns special districts may have about added costs.
- 6) **Committee Amendments.** Given the policy considerations listed above, the Committee may wish to ask the author to accept the following committee amendments:
- a) Delete the contents of the bill that authorize LAFCO to adopt a resolution of intention in conjunction with the selection committee appointment to an oversight board, and instead, authorize LAFCOs to adopt a resolution proposing representation of special districts which would require the executive officer to call a meeting of the selection committee to determine whether special districts accept representation.
 - b) Add to the list of circumstances that an executive officer shall call a meeting of the selection committee to include, upon written request by one or more members of the selection committee, notifying the executive officer of the need to appoint a special district member to the oversight board, and upon the adoption of a resolution of intention pursuant to existing law.
 - c) Require, for a vote on special district representation to be valid, at least a quorum of the special districts must submit valid ballots. Require the selection committee to accept or deny representation on LAFCO by a majority vote of the special district representatives voting on the issue.
- 7) **Arguments in Support.** The California Special Districts Association argues that the process in existing law "... is a time intensive process that requires resources for an organized effort. AB 979 simplifies this bureaucratic process by allowing special districts to vote on LAFCO representation in a meeting of the LAFCO's selection committee...Simplifying the LAFCO

representation process would empower the 28 counties with no special district representation to more effectively consider their participation on LAFCO."

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

REGISTERED SUPPORT / OPPOSITION:

Support

California Association of Local Agency Formation Commissions [CO-SPONSOR]
California Special Districts Association [CO-SPONSOR]
Association of California Healthcare Districts
Brooktrails Township Community Services District
California Municipal Utilities Association
California State Association of Counties
Cathy Pace, President of the Board, Phelan Pinon Hills Community Services District
Chino Valley Fire District
Cucamonga Valley Water District
Eastern Municipal Water District
Fallbrook Regional Health District
Goleta Sanitary District
Local Agency Formation Commissions: Alameda, Amador, Contra Costa, Los Angeles, Placer,
Riverside, San Bernardino, San Diego, San Mateo, Yolo
Meeks Bay Fire Protection District
North Tahoe Fire Protection District
Palos Verdes Library District
Rancho Simi Recreation Park District
Rural County Representative of California
Three Valleys Municipal Water District
Ventura River Water District
Individual letters (5)

Opposition

None on file

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