

AMENDED IN ASSEMBLY APRIL 23, 2018

AMENDED IN ASSEMBLY APRIL 9, 2018

AMENDED IN ASSEMBLY MARCH 15, 2018

CALIFORNIA LEGISLATURE—2017–18 REGULAR SESSION

ASSEMBLY BILL

No. 2258

Introduced by Assembly Member Caballero
(Coauthor: Assembly Member Grayson)

February 13, 2018

An act to add and repeal Section 75131 of the Public Resources Code, relating to local government.

LEGISLATIVE COUNSEL'S DIGEST

AB 2258, as amended, Caballero. Local agency formation commissions: grant program.

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 special districts, as specified. The act requires a local agency formation commission in each county to encourage the orderly formation and development of local agencies based upon local conditions and circumstances, among other things.

Existing law also establishes the Strategic Growth Council in state government and assigns to the council certain duties, including providing, funding, and distributing data and information to local governments and regional agencies that will assist in the development and planning of sustainable communities.

This bill would require the Strategic Growth Council, until January 1, 2024, to establish and administer a local agency formation

commissions grant program for the payment of costs associated with initiating and completing the dissolution of ~~inactive districts~~, *districts listed as inactive*, the payment of costs associated with a study of the services provided within a county by a public agency, and for other specified purposes, including the initiation of an action, based on determinations found in the study, as approved by the commission. The bill would specify application submission, reimbursement, and reporting requirements for a local agency formation commission to receive grants pursuant to the bill. The bill would require the council, after consulting with the California Association of Local Agency Formation Commissions, to develop and adopt guidelines, timelines, and application and reporting criteria for development and implementation of the program, as specified, and would exempt these guidelines, timelines, and criteria from the rulemaking provisions of the Administrative Procedure Act. The bill would make funding for the program subject to appropriation in the annual Budget Act.

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

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

1 SECTION 1. The Legislature hereby finds and declares:

2 (a) Local agency formation commissions play a critical role in
3 the logical formation of local agency boundaries, the promotion
4 of orderly development, and the efficient and effective provision
5 of services.

6 (b) It is the intent of the Legislature in adding Section 75131 to
7 the Public Resources Code to assist local agency formation
8 commissions in initiating studies of existing government agencies
9 and their provision of services and to consider action based on the
10 results of these studies, including dissolving inactive districts, for
11 the purpose of creating streamlined local government services and
12 improved efficiency in service delivery.

13 SEC. 2. Section 75131 is added to the Public Resources Code,
14 to read:

15 75131. (a) (1) The council shall establish and administer a
16 local agency formation commissions grant program for the
17 purposes described in subdivision (b).

18 (2) Program funding shall be subject to appropriation in the
19 annual Budget Act.

1 (3) Program funds provided to participating local agency
2 formation commissions shall be used to supplement, and not
3 supplant, existing funding and staffing levels.

4 (4) Program funds provided to participating local agency
5 formation commissions shall not be used to conduct a service
6 review of municipal services pursuant to Section 56430 of the
7 Government Code.

8 (5) All local agency formation commissions shall be eligible to
9 participate in the program.

10 (6) The council shall, after consulting with the California
11 Association of Local Agency Formation Commissions
12 (CALAFCO), adopt guidelines, timelines, and application and
13 reporting criteria for development and implementation of the
14 program to serve the purposes of this section and mutually meet
15 the needs of the council and the CALAFCO.

16 (b) The council shall award grants to local agency formation
17 commissions for any of the following purposes:

18 (1) The payment of costs associated with initiating and
19 completing the dissolution of ~~inactive districts, as defined in~~
20 ~~Section 56042 of the Government Code~~; *a special district that is*
21 *listed by the Controller as inactive* pursuant to Section 56879 of
22 the Government Code.

23 (2) The payment of costs associated with a study prepared
24 pursuant to Section 56378 of the Government Code of the services
25 provided within a county by a public agency to do either or both
26 of the following:

27 (A) Identify if there are any efficiencies to be gained in the
28 provision of services.

29 (B) Determine what alternatives, if any, exist for improving
30 efficiency and affordability of infrastructure and service delivery.

31 (3) The payment of costs to do any of the following:

32 (A) Initiate an ~~action~~; *action* described in paragraph (2) of
33 subdivision (a) of Section 56375, other than the dissolution of ~~an~~
34 ~~inactive district~~; *a special district that is listed by the Controller*
35 *as inactive pursuant to Section 56879 of the Government Code*,
36 based on determinations found in a study prepared pursuant to
37 Section 56378 of the Government Code, as approved by the
38 commission.

39 (B) Develop and implement reorganization plans with timelines
40 for expected outcomes.

1 (C) Incentivize service providers to work with the local agency
2 formation commission to develop and implement reorganization
3 plans with timelines for expected outcomes.

4 (c) (1) In order to obtain a grant award pursuant to paragraph
5 (1) of subdivision (b), a local agency formation commission shall
6 submit to the council an application for reimbursement of the costs
7 of the dissolution proceedings, in the form and manner specified
8 by the council. At a minimum, the application shall include all of
9 the following:

10 (A) The notification provided to the commission by the
11 Controller of the inactive district(s) and the requirement to initiate
12 dissolution proceedings.

13 (B) A full budget accounting for costs of the dissolution.

14 (C) All reports and documents pertaining to the final dissolution
15 action.

16 (2) The council shall review the application for reimbursement
17 and, provided all documentation is in order, issue reimbursement
18 to the local agency formation commission within 60 days of receipt
19 of the application.

20 (d) (1) In order to obtain a grant award pursuant to paragraph
21 (2) of subdivision (b) for purposes of conducting a study, a local
22 agency formation commission shall submit to the council an
23 application, in the form and manner specified by the council. At
24 a minimum, the application shall include all of the following:

25 (A) A resolution adopted by the commission authorizing
26 submission of the grant application and a commitment to review
27 and consider the recommendations and potential actions contained
28 in the study.

29 (B) A full budget accounting for estimated costs of the study to
30 be performed.

31 (C) A full explanation of the reason for the study.

32 (D) The most recent completed municipal service review or
33 study in which determinations were made by the local agency
34 formation commission indicating the agency to be studied is a
35 candidate for a change of organization or reorganization.

36 (2) The council shall review the applications submitted pursuant
37 to paragraph (1), select the program participants based on criteria
38 that furthers the purposes of this section, and notify the participants
39 of their selection within two months of receiving the application.

1 Funds shall be issued by the council to the local agency formation
2 commission within 60 days of notification.

3 (3) A local agency formation commission that receives a grant
4 pursuant to paragraph (2) of subdivision (b) shall commence the
5 study within 30 days of receipt of funding and shall complete the
6 study within two years of commencing the study. Upon completion
7 of the study, the local agency formation commission shall do all
8 of the following:

9 (A) Submit to the council a final report within 30 days of the
10 completion of the study and the commission's adoption of a
11 resolution making determinations. The report shall be in the form
12 and manner specified by the council. At a minimum, the report
13 shall include all of the following:

14 (i) The full study conducted.

15 (ii) The resolution making determinations as adopted by the
16 local agency formation commission.

17 (iii) A full budget accounting report of the funds used.

18 (iv) A reimbursement of any unexpended funds.

19 (v) The local agency formation commission's plan for future
20 action based on the study's conclusions.

21 (B) Upon the request of the council, participating local agency
22 formation commissions shall provide the council with any
23 supplemental information necessary to substantiate the information
24 contained in the report submitted pursuant to this subdivision.

25 (e) (1) A local agency formation commission that elects to
26 apply for a grant pursuant to paragraph (3) of subdivision (b) shall
27 submit to the council an application, in the form and manner
28 specified by the council. At a minimum, the application shall
29 include all of the following:

30 (A) A resolution adopted by the commission authorizing
31 submission of the application for purposes defined in the
32 application.

33 (B) Change of organization or reorganization plans with
34 timelines for expected outcomes.

35 (C) A full budget accounting for estimated costs of the action
36 to be performed.

37 (D) The most recent completed study in which determinations
38 were made by the local agency formation commission indicating
39 the agency should be reorganized or dissolved, or, if there exists

1 a municipal services review or study with like determinations that
2 is no more than five years old.

3 (2) The council shall review the applications submitted pursuant
4 to paragraph (3) of subdivision (b), select the program participants
5 based on criteria that furthers the purposes of this section, and
6 notify the participants of their selection within two months of
7 receiving the application. Funds shall be issued by the council to
8 the local agency formation commission within 60 days of
9 notification.

10 (3) A local agency formation commission that receives funds
11 pursuant to paragraph (3) of subdivision (b) shall commence action
12 within 30 days of receipt of funding.

13 (4) A local agency formation commission that receives funds
14 pursuant to paragraph (3) of subdivision (b) shall hold a public
15 hearing to consider the ~~change of organization or reorganization~~
16 ~~described in subdivision (a) of Section 56375 of the Government~~
17 ~~Code, action described in paragraph (2) of subdivision (a) of~~
18 ~~Section 56375, except the dissolution of an inactive district, and,~~
19 ~~if that change of organization or a reorganization is approved, a~~
20 ~~special district that is listed by the Controller as inactive pursuant~~
21 ~~to Section 56879 of the Government Code. If the action is~~
22 ~~approved, that local agency formation commission shall order the~~
23 ~~change of organization or reorganization subject to Section 57075~~
24 ~~of the Government Code, unless the change of organization is the~~
25 ~~dissolution of a special district other than an inactive district. that~~
26 ~~is not listed by the Controller as inactive. If the dissolution of a~~
27 ~~the special district other than an inactive district is approved, the~~
28 local agency formation commission shall order the dissolution,
29 unless a majority of protest exists pursuant to subdivision (c) of
30 Section 57077.1 of the Government Code. Upon completion of
31 the change of organization or reorganization, the local agency
32 formation commission that receives funds pursuant to paragraph
33 (3) of subdivision (b) shall do both of the following:

34 (A) Submit to the council a final report within 30 days of the
35 final action. The report shall be in the form and manner specified
36 by the council. At a minimum, the report shall include all of the
37 following:

38 (i) The final action taken by the local agency formation
39 commission.

1 (ii) If proceedings were terminated as a result of protest, all
2 necessary information pertinent to support that fact.

3 (iii) All reports and documents pertaining to the final action or
4 protest action.

5 (iv) A full budget accounting report of the funds used.

6 (v) The reimbursement of any unexpended funds.

7 (B) Upon the request of the council, the participating local
8 agency formation commission shall provide the council with any
9 supplemental information necessary to substantiate the information
10 contained in the report submitted pursuant to this subdivision.

11 (f) The Legislature finds and declares that there is a compelling
12 public interest in allowing the council to implement and administer
13 this section as expeditiously as possible, and to thereby accelerate
14 local agency formation commission efforts. The guidelines,
15 timelines, and application and reporting criteria adopted by the
16 council for purposes of this section shall be exempt from the
17 rulemaking provisions of the Administrative Procedure Act
18 (Chapter 3.5 (commencing with Section 11340) of Part 1 of
19 Division 3 of Title 2 of the Government Code) for the purpose of
20 carrying out the duties enumerated in this section.

21 (g) For the purposes of this section, “local agency formation
22 commission” means a local agency formation commission that
23 operates in a county pursuant to the Cortese-Knox-Hertzberg Local
24 Government Reorganization Act of 2000 (Division 3 (commencing
25 with Section 56000) of Title 5 of the Government Code).

26 (h) This section shall be repealed on December 31, 2023.