



**Local Agency Formation Commission**  
**LAFCO of Napa County**

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**April 6, 2009**  
**Agenda Item No. 7a (Action)**

March 30, 2009

**TO:** Local Agency Formation Commission

**FROM:** Keene Simonds, Executive Officer

**SUBJECT: Legislative Report**

The Commission will receive a report on the first year of the 2009-2010 session of the California Legislature as it relates to bills directly or indirectly effecting Local Agency Formation Commissions. The Commission will also consider authorizing the Chair to sign letters in support of two specific legislative items.

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The Executive Officer is a member of the California Association of Local Agency Formation Commissions' (CALAFCO) Legislative Committee. The Legislative Committee meets on a regular basis to review, discuss, and offer recommendations to the CALAFCO Board of Directors as it relates to bills that have either a direct impact on LAFCO law or the laws LAFCO helps to administer. The most recent meeting of the Legislative Committee was held on Thursday, March 26, 2009 in San Diego.

**A. Discussion and Analysis**

The first year of the 2009-2010 session of the California Legislature has generated over 2,600 bills. The Legislative Committee has identified 31 bills with direct or indirect impacts on LAFCOs. Many of the bills introduced are placeholders and will be amended over the next several months to clarify their specific purpose. A complete list of the bills that have been introduced this session and under review by CALAFCO is attached. Specific bills of interest to the Commission are discussed and analyzed below.

**Assembly Bill 528 (Jim Silva)**

This legislation is sponsored by CALAFCO and would conform the reporting and disclosure requirements of LAFCO law to make it consistent with the provisions of the Political Reform Act of 1974. The intent of the legislation is to eliminate potential confusion for affected parties by affirming the Political Reform Act governs financial disclosure requirements for LAFCO unless an individual LAFCO requires by policy additional information. The Fair Political Practices Commission participated in drafting the proposed language.

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Juliana Inman, Vice Chair  
Councilmember, City of Napa

Jack Gingles, Commissioner  
Mayor, City of Calistoga

Cindy Coffey, Alternate Commissioner  
Councilmember, City of American Canyon

Bill Dodd, Commissioner  
County of Napa Supervisor, 4th District

Brad Wagenknecht, Commissioner  
County of Napa Supervisor, 1st District

Mark Luce, Alternate Commissioner  
County of Napa Supervisor, 2nd District

Brian J. Kelly, Chair  
Representative of the General Public

Gregory Rodeno, Alternate Commissioner  
Representative of the General Public

Keene Simonds  
Executive Officer

**Assembly Bill 1109 (Sam Blakeslee)**

The legislation as proposed is a placeholder. CALAFCO is currently working with Assemblyman Blakeslee to redraft the legislation to authorize LAFCOs to appoint administrators to assume control of non-performing special districts. The need for the potential legislation is drawn from the recent actions of a large special district in San Luis Obispo County in which ineffective decision-making by the board directly led to the agency becoming inoperable and insolvent. CALAFCO anticipates this potential legislation will become a two-year bill and will be vetted with key stakeholders.

**Assembly Bill 1232 (Jared Huffman)**

The legislation as proposed is a placeholder. CALAFCO is currently working with Assemblyman Huffman to redraft the legislation to expand LAFCO's existing authority to consolidate two or more special districts *while* waiving protest proceedings. The identified need for the potential legislation is drawn from repeated accidental discharges of untreated wastewater into the San Francisco Bay by multiple special districts in Marin County. CALAFCO anticipates this potential legislation will become a two-year bill and may initially be limited to Marin County as a pilot program.

**Senate Bill 215 (Senate Committee on Local Government)**

This legislation is sponsored by CALAFCO and would add to the factors LAFCOs must consider in reviewing proposals to include consistency of the proposed action with regional transportation plans and their sustainable communities strategy (SCS). This legislation responds to Senate Bill 375 which was enacted on January 1, 2009 and directs municipal planning organizations, such as the Metropolitan Transportation Commission, to establish SCS' as part of their regional transportation plans to promote smart-growth land uses. In response to a request by Committee Chair Senator Patricia Wiggins, staff has prepared the attached letter of support for consideration by the Commission.

Additionally, as discussed at the February meeting, Senate Committee on Local Government ("Committee") staff have expressed interest in pursuing special legislation in 2010 to streamline the reorganization of municipal improvement districts (MIDs) and resort improvement districts (RIDs) into community service districts (CSDs). The intent of the special legislation is to empower and encourage LAFCOs to work with affected special districts to transfer their governing authorities from discontinued principal acts to CSD law. It is currently envisioned the special legislation would allow LAFCOs to authorize the reorganization of RIDs or MIDs into CSDs without changing their services or boundaries while waiving protest proceedings as long as affected districts do not file objections. An initial draft of the legislation prepared by Committee staff is attached.

Committee staff is seeking comments from interested parties on the merits or demerits of the potential special legislation as outlined in the preceding paragraph. Staff believes LAFCOs would benefit from the special legislation by having available a streamlined process to reorganize these types of outdated special districts into CSDs. Notably, at a minimum, the special legislation would facilitate healthy discussions between LAFCOs and the special districts in identifying the government structure option that best meets the present and future needs of their communities. In terms of potential use of the special legislation in Napa County, a few years ago the Commission completed municipal service reviews on Lake Berryessa RID and Napa Berryessa RID which included determinations identifying the need to thoroughly examine restructuring options given the agencies' governance and service challenges. The Commission is scheduled to review restructuring options for these two special districts later this year as part of a new municipal service review. If restructuring the special districts into CSDs is deemed appropriate, the special legislation would establish a new and effective implementation tool allowing the Commission to work with agencies to complete the reorganization proceedings while avoiding the costs and variables associated with protest hearings. With these comments in mind, staff has prepared an attached letter for Commission consideration supporting the Committee's efforts to pursue this special legislation in 2010.

## **B. Recommendation**

It is recommended the Commission take the following actions:

- 1) Authorize the Chair to sign the attached draft letter to Senator Patricia Wiggins supporting Senate Bill 215; and
- 2) Authorize the Chair to sign the attached draft letter to the Senate Committee on Local Government supporting special legislation in 2010 to expedite the process to reorganize Resort Improvement Districts and Municipal Improvement Districts into Community Service Districts.

Respectfully submitted,

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Keene Simonds  
Executive Officer

### Attachments:

- 1) Letter from Senator Patricia Wiggins Regarding SB 215
- 2) Draft Letter to Senator Patricia Wiggins Regarding SB 215
- 3) Letter from Senate Committee on Local Government Regarding Potential Special Legislation
- 4) Draft Letter to the Senate Committee on Local Government Regarding Potential Special Legislation
- 5) ~~CALAFCO Status Report on Current Legislation~~

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# California State Senate

SENATOR  
**PATRICIA WIGGINS**  
SECOND SENATE DISTRICT



**STANDING COMMITTEES:**  
PUBLIC EMPLOYEES  
RETIREMENT  
CHAIR  
BANKING, FINANCE &  
INSURANCE  
ENERGY, UTILITIES &  
COMMUNICATIONS

**SELECT COMMITTEES:**  
CALIFORNIA'S WINE INDUSTRY,  
CHAIR

March 4, 2009

Honorable Brian J. Kelly, Chair  
Napa County LAFCO  
1700 Second Street, Suite 268  
Napa, CA 94559

Dear Mr. Kelly:

Because your LAFCO's decisions on city and special district boundaries shape the future of development in your county, I invite your commission to support Senate Bill 215.

SB 215 tells local agency formation commissions (LAFCOs) that, when they act on annexations and other boundary changes, they should consider the sustainable communities strategies prepared by Metropolitan Planning Organizations (MPOs).

Last year, when the Legislature required the MPOs to prepare these sustainable communities strategies, we told them to consider the spheres of influence prepared by LAFCOs. SB 215 is reciprocal to that requirement. Just as the MPOs must consider LAFCOs' spheres of influence, SB 215 says that LAFCOs should consider the MPOs' sustainable communities strategies.

I hope that your LAFCO will join others in supporting SB 215.

Sincerely,

PATRICIA WIGGINS  
Senator, 2<sup>nd</sup> District

Enclosures

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**Senate Bill 215 (Wiggins)**  
**LAFCOs & Sustainable Communities Strategies**

**Summary.** Requires local agency formation commissions to consider “sustainable community strategies” before making boundary decisions.

**Background.** Local agency formation commissions (LAFCOs) control the boundaries of cities and special districts, operating under the Cortese-Knox-Hertzberg Act (Government Code §56000, et seq.). The courts call LAFCOs the Legislature’s “watchdog” over these boundary changes (*Timberidge Enterprises, Inc. v. City of Santa Rosa* [1978] 86 Cal.App.3d 873). Among LAFCOs’ statutory purposes is “discouraging urban sprawl” (Government Code §56001). To guide their boundary decisions, LAFCOs must adopt “spheres of influence” for cities and districts, designating their future service areas and boundaries (Government Code §56425). LAFCOs’ boundary decisions must be consistent with these spheres of influence (Government Code §56375.5). As LAFCOs prepare to make decisions about proposed boundary changes, they must consider 15 specified “factors,” including local general plans and specific plans (Government Code §56668).

State law permits --- but does not require --- the commissions to consider regional growth goals and policies adopted by local elected officials (Government Code §56668.5, added by AB 2838, Hertzberg, 2000).

There is increasing legislative and public support for using land use decisions to help reduce greenhouse gas emissions. Metropolitan planning organizations (MPOs) must adopt “sustainable communities strategies” or “alternative planning strategies” as part of their regional transportation plans. These strategies align regional planning for transportation and housing (SB 375, Steinberg, 2008). In preparing a sustainable community strategy, the metropolitan planning organization must consider the spheres of influence for cities and special districts, as adopted by LAFCOs (Government Code §65080 [b][2][F]).

Regulating local boundaries is more than an exercise in cartographic neatness. City limits and special districts’ boundaries influence the timing, location, and character of land development. By approving annexations to cities and districts that provide public facilities such as water and sewer systems, streets, and flood control facilities, LAFCOs’ boundary decisions influence which land is likely to develop.

While MPOs must consider LAFCOs’ planning documents, there is no reciprocal requirement for LAFCOs to consider the MPOs’ sustainable communities strategies and alternative planning strategies.

**Proposed law.** **Senate Bill 215** adds regional transportation plans, including their sustainable communities strategies or alternative planning strategies,” to the list of factors that LAFCOs must consider when acting on city and special district boundary changes. **Senate Bill 215** also repeals the permission for LAFCOs to consider regional growth goals and policies.

**Revised:** February 23, 2009

**Introduced by Senator Wiggins**

February 23, 2009

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An act to amend Section 56668 of, and to repeal Section 56668.5 of, the Government Code, relating to local government.

LEGISLATIVE COUNSEL'S DIGEST

SB 215, as introduced, Wiggins. Local government: organization.

(1) Existing law, the Cortese-Knox-Hertzberg Act, requires a local agency formation commission, when reviewing a proposal for a change of organization or reorganization, to consider specified factors, including the proposal's consistency with city or county general and specific plans.

This bill would modify that factor so that a commission would be required to consider the proposal's consistency with city or county general and specific plans, and any applicable transportation plan, when reviewing a proposal for a change of organization or reorganization.

(2) Existing law authorizes a commission to consider the regional growth goals and policies established by a collaboration of elected officials.

This bill would repeal that provision.

(3) The California Constitution requires the state to reimburse local agencies and school districts for certain costs mandated by the state. Statutory provisions establish procedures for making that reimbursement.

This bill would provide that, if the Commission on State Mandates determines that the bill contains costs mandated by the state, reimbursement for those costs shall be made pursuant to these statutory provisions.

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

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

1 SECTION 1. Section 56668 of the Government Code is  
2 amended to read:

3 56668. Factors to be considered in the review of a proposal  
4 shall include, but not be limited to, all of the following:

5 (a) Population and population density; land area and land use;  
6 per capita assessed valuation; topography, natural boundaries, and  
7 drainage basins; proximity to other populated areas; the likelihood  
8 of significant growth in the area, and in adjacent incorporated and  
9 unincorporated areas, during the next 10 years.

10 (b) The need for organized community services; the present  
11 cost and adequacy of governmental services and controls in the  
12 area; probable future needs for those services and controls; probable  
13 effect of the proposed incorporation, formation, annexation, or  
14 exclusion and of alternative courses of action on the cost and  
15 adequacy of services and controls in the area and adjacent areas.

16 "Services," as used in this subdivision, refers to governmental  
17 services whether or not the services are services which would be  
18 provided by local agencies subject to this division, and includes  
19 the public facilities necessary to provide those services.

20 (c) The effect of the proposed action and of alternative actions,  
21 on adjacent areas, on mutual social and economic interests, and  
22 on the local governmental structure of the county.

23 (d) The conformity of both the proposal and its anticipated  
24 effects with both the adopted commission policies on providing  
25 planned, orderly, efficient patterns of urban development, and the  
26 policies and priorities set forth in Section 56377.

27 (e) The effect of the proposal on maintaining the physical and  
28 economic integrity of agricultural lands, as defined by Section  
29 56016.

30 (f) The definiteness and certainty of the boundaries of the  
31 territory, the nonconformance of proposed boundaries with lines  
32 of assessment or ownership, the creation of islands or corridors of  
33 unincorporated territory, and other similar matters affecting the  
34 proposed boundaries.

35 (g) Consistency with city or county general and specific plans,  
36 *and any applicable regional transportation plan, including a*  
37 *sustainable communities strategy or alternate planning strategy,*  
38 *adopted pursuant to Section 65080.*

2 (h) The sphere of influence of any local agency which may be  
applicable to the proposal being reviewed.

3 (i) The comments of any affected local agency or other public  
4 agency.

5 (j) The ability of the newly formed or receiving entity to provide  
6 the services which are the subject of the application to the area,  
7 including the sufficiency of revenues for those services following  
8 the proposed boundary change.

9 (k) Timely availability of water supplies adequate for projected  
10 needs as specified in Section 65352.5.

11 (l) The extent to which the proposal will affect a city or cities  
12 and the county in achieving their respective fair shares of the  
13 regional housing needs as determined by the appropriate council  
14 of governments consistent with Article 10.6 (commencing with  
15 Section 65580) of Chapter 3 of Division 1 of Title 7.

16 (m) Any information or comments from the landowner or  
17 owners, voters, or residents of the affected territory.

18 (n) Any information relating to existing land use designations.

19 (o) The extent to which the proposal will promote environmental  
20 justice. As used in this subdivision, "environmental justice" means  
21 the fair treatment of people of all races, cultures, and incomes with  
22 respect to the location of public facilities and the provision of  
23 public services.

24 SEC. 2. Section 56668.5 of the Government Code is repealed.

25 ~~56668.5. The commission may, but is not required to, consider~~  
26 ~~the regional growth goals and policies established by a~~  
27 ~~collaboration of elected officials only, formally representing their~~  
28 ~~local jurisdictions in an official capacity on a regional or~~  
29 ~~subregional basis. This section does not grant any new powers or~~  
30 ~~authority to the commission or any other body to establish regional~~  
31 ~~growth goals and policies independent of the powers granted by~~  
32 ~~other laws.~~

33 SEC. 3. If the Commission on State Mandates determines that  
34 this act contains costs mandated by the state, reimbursement to  
35 local agencies and school districts for those costs shall be made  
36 pursuant to Part 7 (commencing with Section 17500) of Division  
37 4 of Title 2 of the Government Code.





**Local Agency Formation Commission**  
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April 6, 2009

Senator Patricia Wiggins, Chair  
Senate Committee on Local Government  
State Capitol, Room 4081  
Sacramento, California 95814

**SUBJECT: Support for Senate Bill 215**

Senator Patricia Wiggins:

The Local Agency Formation Commission (LAFCO) of Napa County is pleased to support Senate Bill 215. This legislation will require LAFCOs to consider the consistency of proposed change of organizations or reorganizations, such as annexations and special district formations, with regional transportation plans. The legislation supports the implementation of SB 375 which directs metropolitan planning organizations (MPOs) to adopt sustainable communities strategies or alternative planning strategies as part of their regional transportation plans. Markedly, in preparing these smart-growth strategies, MPOs must consider LAFCOs' adopted spheres of influence for cities and special districts. SB 215 reciprocates and enhances cooperation between LAFCOs and MPOs.

If you or your staff have any questions, please contact LAFCO Executive Officer Keene Simonds by telephone at (707) 259-8645 or by e-mail at [ksimonds@napa.lafco.ca.gov](mailto:ksimonds@napa.lafco.ca.gov).

On behalf of the Commission,

Brian J. Kelly  
Chair

cc: Peter Detwiler, Consultant, Senate Committee on Local Government  
William Chiat, Director, California Association of Local Agency Formation Commissions

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Juliana Inman, Vice Chair  
Councilmember, City of Napa

Jack Gingles, Commissioner  
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Representative of the General Public

Keene Simonds  
Executive Officer

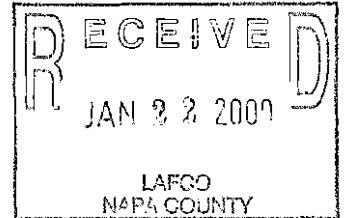
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January 15, 2009



TO: Distribution (attached)  
FROM: Peter Detwiler   
SUBJECT: Converting RIDs and MIDs into CSDs

Because you work with Resort Improvement Districts (RIDs), Municipal Improvement Districts (MIDs), and Local Agency Formation Commissions (LAFCOs), I invite your advice on a possible future bill that would make it easier to convert RIDs and MIDs into Community Services Districts (CSDs) without changing their boundaries, powers, duties, or finances.

I have attached a policy paper and a draft bill for your comment. As you review these materials, you might think about these questions:

- Would my district be better managed if it were a CSD?
- Is my district board interested in converting to a CSD?
- Is my LAFCO likely to use the proposed procedures?
- Are the proposed procedures sufficiently transparent?
- Do the proposed procedures provide enough accountability?
- Can you recommend improvements to the proposed bill?

Please understand that this project is my own work and does not represent a proposal by Senator Wiggins or any other member of the Committee. However, based on your advice, I may recommend that a legislator introduce a version of this proposed bill in 2010.

Please send me your written comments.

Thanks for your help.

Attachments

**Distribution List**

Kris Berry, Placer County LAFCO  
Bob Braitman, Santa Barbara County LAFCO  
Bill Chiat, California Association of LAFCOs  
Richard Culp, Resort Improvement District No. 1  
Ron Davis, Association of California Water Agencies  
Steve Dunn, Tahoe Paradise Resort Improvement District  
Ryan Eisberg, Senate Republican Caucus  
Libby Gregg, Talmont Resort Improvement District  
John Gullixson, Plumas County LAFCO  
Jim Hardy, City of Foster City  
Ralph Heim, Public Policy Advocates  
José Henríquez, El Dorado County LAFCO  
Bill Higgins, League of California Cities  
Clayton Holstine, City of Brisbane  
Rosario Cortés Kapeller, California Municipal Utilities Association  
Susie Paxton Koesterer, Embarcadero Municipal Improvement District  
Debbie Michel, Assembly Local Government Committee  
Andrew Morris, Grizzly Lake Resort Improvement District  
Geoffrey Neill, California State Association of Counties  
Dan Obermeyer, Glenn County LAFCO  
Randy Pestor, Senate Environmental Quality Committee  
Kelly Polk, Montalvo Municipal Improvement District  
Martha Poyatos, San Mateo County LAFCO  
Don Ridenhour, Napa County Public Works Department  
David Shoemaker, County of Glenn  
Keene Simonds, Napa County LAFCO  
Paul Smith, Regional Council of Rural Counties  
Steve Spence, Bethel Island Municipal Improvement District  
Lou Ann Texeira, Contra Costa County LAFCO  
Kim Ulrich, Ventura County LAFCO  
Thomas Vu, California Special Districts Association  
William Weber, Assembly Republican Caucus  
George Williamson, Humboldt County LAFCO

## Converting Special Districts

**Summary.** Create an expedited procedure for converting special districts that operate under archaic statutes into community services districts, without substantive changes to their powers, duties, finances, or service areas.

**Existing law.** The Cortese-Knox-Hertzberg Local Government Reorganization Act (Government Code §56000, et seq.) sets up a local agency formation commission (LAFCO) in each county with the power to govern the formation, boundaries, and dissolution of most special districts (§56036 & §56037). These procedures usually require five steps:

- Application to LAFCO, including environmental review.
- A formal public hearing for LAFCO review and approval.
- Another formal hearing to measure public protests.
- The possibility of an election, if there was significant protest.
- Ministerial filing of final documents.

A reorganization (§56073) is merely a way to combine two or more proposed boundary changes (§56021) into a single proposal. For example, a reorganization could involve the simultaneous dissolution (§56035) of an existing special district and the formation (§56021) of a new district.

From the mid-1950s until 1960, the Legislature created several special-act special districts called Municipal Improvement Districts (MIDs) to deliver public services to particular communities, some of which supported specific development projects. The practice of creating special districts for particular developers stopped in 1960. There are five remaining MIDs:

Bethel Island MID	Contra Costa County
Embarcadero MID	Santa Barbara County
Estero MID	Foster City, San Mateo County
Guadalupe Valley MID	Brisbane, San Mateo County
Montalvo MID	Ventura County

City councils are the ex officio governing boards of the two MIDs in San Mateo County, while the other three MIDs have their own directly elected boards of directors.

In 1961, the Legislature passed the Resort Improvement District Law (Public Resources Code §13000, et seq.; SB 384, Cameron, 1961). In 1965, the Assembly held hearings into special districts' abuses and one result was to ban new resort improvement districts (Public Resources Code §13003).

Nevertheless, seven RIDs still remain:

Grizzly Lake RID	Plumas County
Lake Berryessa RID	Napa County
Napa Berryessa RID	Napa County
Resort Improvement District No. 1	Humboldt County
Stony Gorge RID	Glenn County
Tahoe Paradise RID	El Dorado County
Talmon RID	Placer County

The county boards of supervisors in Napa and Glenn Counties govern their RIDs ex officio, but the other four RIDs have their own directly elected boards of directors.

In 2005, the Legislature revised the Community Services District Law (Government Code §61000, et seq.; SB 135, Kehoe, 2005). Under this principal act, more than 300 community services districts (CSDs) can deliver a wide variety of public facilities and services. The new CSD Law improves the transparency of CSD decisions and increases their accountability. The statute clearly spells out the districts' authorized services. However, before a CSD can activate its latent powers and offer a new public service, it must receive LAFCO's approval (§61106 & §56824.1). Practitioners also see the new statute as an opportunity to convert existing special districts that operate under outdated statutes into CSDs that can operate under contemporary laws.

**Policy question and two responses.** Practitioners note that the MIDs' special acts and the RID statute are archaic, making it hard for these special districts to govern themselves and deliver public services with transparency and accountability. Some LAFCOs and some RIDs are interested in converting those districts into CSDs, without changing their boundaries, services, finances, or other duties.

To switch a district's principal acts under current law, an applicant must formally ask LAFCO to approve a reorganization that proposes the dissolution of the existing RID or MID and the formation of a new CSD. The five-step LAFCO procedures take about a year to complete. Further, these reorganizations require the payment of LAFCO processing fees (Government Code §56383) and they need majority-voter approval (Government Code §57077 [b][1]).

To convert RIDs and MIDs into CSDs more quickly, there are at least two policy options:

**Special legislation.** The Legislature has plenary authority over general law local governments, including special districts. Legislators have the constitutional authority to reorganize local governments without the need for local elections or even against citizen protests (*Broadmoor Police Protection Dist. v. San Mateo Local Agency Formation Com.* [1994] 26 Cal.App.4th 304, relying on *Hunter v. City of Pittsburgh* [1907] 207 U.S. 161).

Examples of how the Legislature has used this plenary authority include:

- Dissolving the Avenal Sanitary District and the Avenal Heights Sanitary District and forming the Avenal Community Services District to replace the two dissolved districts (SB 1998, Montgomery, 1955; Chapter 1702, Statutes of 1955).
- Dissolving the obsolete Hunters Point Reclamation District (SB 615, Kopp, 1987).
- Converting the Hot Spring Valley Irrigation District into the Hot Spring Valley Water District (SB 1117, Cox, 2008).
- Converting the Vandalia Irrigation District into the Vandalia Water District (SB 1276, Ashburn, 2008).

**Expedited reorganization.** Rather than unilaterally wield its plenary authority, the Legislature has delegated control over the formation, powers, and boundaries of special districts to LAFCOs. The courts regard LAFCOs at the Legislature's "watchdog" over boundary changes (*Timberidge Enterprises, Inc. v. City of Santa Rosa* [1978] 86 Cal.App.3d 873).

The Legislature could modify the five-step procedures in the Cortese-Knox-Hertzberg Act and provide the procedures for an “expedited reorganization.”

**Proposed bill.** In 2010, the Legislature should pass a bill to create an expedited procedure that allows LAFCOs to convert special districts that operate under archaic statutes into community services districts, without substantive changes to their powers, duties, financing, or service areas.

The proposed bill should allow for expedited reorganizations with these features:

- Standard procedures for applying to LAFCO (i.e., petition or resolution).
- LAFCO retains existing discretion to approve or disapprove.
- If LAFCO approves, there is no protest hearing and no election.
- If LAFCO approves, it must impose the terms and conditions listed in the bill.
- The terms and conditions transfer everything to the new CSD, without change.
- LAFCO can change terms and conditions, but only after notifying RID or MID.
- The RID or MID can stop the conversion up to the time of LAFCO approval.
- Declare that an “expedited reorganization” is a Class 20 categorical exemption.
- Applies only to RIDs and independent MIDs, not to city-dependent MIDs.
- Sunset these special procedures after seven years, on January 1, 2018.

### **Expedited Reorganizations**

SECTION 1. Section 56853.5 is added to the Government Code, to read:

56853.5 (a) In the case of an expedited reorganization, notwithstanding any provision of this division or the Community Services District Law (Division 3 (commencing with Section 61000) of Title 6), unless the governing body of the subject agency files a resolution of objection with the commission before the close of the hearing held pursuant to Section 56666, the commission may approve, disapprove, or conditionally approve, the expedited reorganization. If the commission approves or conditionally approves the expedited reorganization, the commission shall order the expedited reorganization without an election.

(b) If the governing body of the subject agency files a resolution of objection with the commission before the close of the hearing held pursuant to Section 56666, the commission shall disapprove the proposed expedited reorganization.

(c) The commission may order any material changes to the terms and conditions of the expedited reorganization, as set forth in the proposal. The commission shall direct the executive officer to give the subject agency mailed notice of any change prior to ordering a change. The commission shall not, without the written consent of the subject agency, take any further action on the expedited reorganization for 30 days following that mailing.

(d) A proposal for an expedited reorganization shall include proposed terms and conditions that shall include at least all of the following:

(1) The proposed community services district is declared to be, and shall be deemed a community services district as if the district had been formed pursuant to the Community Services District Law (Division 3 (commencing with Section 61000) of Title 6). The exterior boundary and sphere of influence of the proposed community services district shall be the exterior boundary and sphere of influence of the district proposed to be dissolved.

(2) The proposed community services district succeeds to, and is vested with, the same powers, duties, responsibilities, obligations, liabilities, and jurisdiction of the district proposed to be dissolved.

(3) The status, position, and rights of any officer or employee of the district proposed to be dissolved are not affected by the transfer and shall be retained by the person as an officer or employee of the proposed community services district.

(4) The proposed community services district shall have ownership, possession, and control of all of the books, records, papers, offices, equipment, supplies, moneys, funds, appropriations, licenses, permits, entitlements, agreements, contracts, claims, judgments, land, and other assets and property, real or personal, owned or leased by, connected with the administration of, or held for the benefit or use of, the district proposed to be dissolved.

(5) The unexpended balance as of the effective date of the expedited reorganization, of any funds available for use by the district proposed to be dissolved shall be available for use by the proposed community services district.

(6) No payment for the use, or right of use, of any property, real or personal, acquired or constructed by the district proposed to be dissolved shall be required by reason of the succession pursuant to the expedited reorganization, nor shall any payment for the proposed community ser-

vices district's acquisition of the powers, duties, responsibilities, obligations, liabilities, and jurisdiction be required by reason of that succession.

(7) All ordinances, rules, and regulations adopted by the district proposed to be dissolved in effect immediately preceding the effective date of the expedited reorganization, shall remain in effect and shall be fully enforceable unless amended or repealed by the proposed community services district, or until they expire by their own terms. Any statute, law, rule, or regulation in force as of the effective date of the expedited reorganization, or that may be enacted or adopted with reference to the district proposed to be dissolved shall mean the proposed community services district.

(8) All shares of property tax revenue allocated pursuant to Part 0.5 (commencing with Section 50) of the Revenue and Taxation Code, special taxes, benefit assessments, fees, charges, or any other impositions of the district proposed to be dissolved shall remain in effect unless amended or repealed by the proposed community services district, or until they expire by their own terms.

(9) The appropriations limit established pursuant to Division 9 (commencing with Section 7900) of Title 1 of the district proposed to be dissolved shall be the appropriations limit of the proposed community services district.

(10) Any action by or against the district proposed to be dissolved shall not abate, but shall continue in the name of the proposed community services district, and the proposed community services district shall be substituted for the district proposed to be dissolved by the court in which the action is pending. The substitution shall not in any way affect the rights of the parties to the action.

(11) No contract, lease, license, permit, entitlement, bond, or any other agreement to which the district proposed to be dissolved is a party shall be void or voidable by reason of the enactment of the expedited reorganization, but shall continue in effect, with the proposed community services district assuming all of the rights, obligations, liabilities, and duties of the district proposed to be dissolved.

(12) Any obligations, including, but not limited to, bonds and other indebtedness, of the district proposed to be dissolved shall be the obligations of the proposed community services district. Any continuing obligations or responsibilities of the district proposed to be dissolved for managing and maintaining bond issuances shall be transferred to the proposed community services district without impairment to any security contained in the bond instrument.

(e) The Legislature finds and declares that an expedited reorganization is a reorganization of local governmental agencies which will not change the geographical area in which previously existing powers are exercised and, therefore, qualifies as a Class 20 categorical exemption pursuant to Section 15320 of Title 14 of the California Code of Regulations.

(f) As used in this section, "expedited reorganization" means a reorganization that consists solely of the formation of a community services district and the dissolution of any of the following:

(1) A resort improvement district formed pursuant to the Resort Improvement District Law, Division 11 (commencing with Section 13000) of the Public Resources Code.

(2) The Montalvo Municipal Improvement District formed pursuant to Chapter 549 of the Statutes of 1955.



(3) The Bethel Island Municipal Improvement District formed pursuant to Chapter 22 of the Statutes of 1960.

(4) The Embarcadero Municipal Improvement District formed pursuant to Chapter 81 of the Statutes of 1960.

(g) This section shall remain in effect only until January 1, 2018, and as of that date is repealed, unless a later statute which is enacted before January 1, 2018, deletes or extends that date.

SEC. 2. Section 57007 of the Government Code is amended to read:

57077. (a) Where a change of organization consists of a dissolution, disincorporation, incorporation, establishment of a subsidiary district, consolidation, or merger, the commission shall do either of the following:

(1) Order the change of organization subject to confirmation of the voters, or in the case of a landowner-voter district, subject to confirmation by the landowners, unless otherwise stated in the formation provisions of the enabling statute of the district or otherwise authorized pursuant to Section 56854.

(2) Order the change of organization without election if it is a change of organization that meets the requirements of Section 56854, 57081, 57102, or 57107; otherwise, the commission shall take the action specified in paragraph (1).

(b) Where a reorganization consists of one or more dissolutions, incorporations, formations, disincorporations, mergers, establishments of subsidiary districts, consolidations, or any combination of those proposals, the commission shall do either of the following:

(1) Order the reorganization subject to confirmation of the voters, or in the case of landowner-voter districts, subject to confirmation by the landowners, unless otherwise authorized pursuant to Section 56854.

(2) Order the reorganization without election if it is a reorganization that meets the requirements of Section 56853.5, 56854, 57081, 57102, 57107, or 57111; otherwise, the commission shall take the action specified in paragraph (1).

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January 15, 2009



## Local Agency Formation Commission LAFCO of Napa County

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April 6, 2009

Mr. Peter M. Detwiler, Consultant  
Senate Committee on Local Government  
State Capitol, Room 5046  
Sacramento, California 95814

**SUBJECT: Input on Potential Legislation Converting Resort Improvement Districts and Municipal Improvement Districts into Community Services Districts**

Mr. Peter Detwiler:

The Local Agency Formation Commission (LAFCO) of Napa County supports your efforts to introduce legislation in 2010 to expedite proceedings to reorganize Resort Improvement Districts (RIDs) and Municipal Improvement Districts (MIDs) into Community Services Districts (CSDs). As you are aware, there are two RIDs operating in Napa County: Lake Berryessa and Napa Berryessa. These two special districts are governed by the Board of Supervisors and provide water and sewer services to small and distinct unincorporated communities with a combined estimated resident population of 2,000. A few years ago, LAFCO completed municipal service reviews on both special districts which included determinations identifying the need to thoroughly examine government restructuring options given the agencies' governance and service challenges. LAFCO anticipates reviewing restructuring options for these special districts later this year as part of a new municipal service review. Accordingly, if restructuring the special districts into CSDs is deemed appropriate, the legislation you have outlined would make it easier for LAFCO to work with the agencies to complete the reorganization proceedings while avoiding the costs and variables associated with protest hearings.

LAFCO appreciates the opportunity to provide comments on this matter. If you have any questions, please contact LAFCO Executive Officer Keene Simonds by telephone at (707) 259-8645 or by e-mail at [ksimonds@napa.lafco.ca.gov](mailto:ksimonds@napa.lafco.ca.gov).

On behalf of the Commission,

Brian J. Kelly  
Chair

cc: William Chiat, Director, California Association of Local Agency Formation Commissions

Juliana Inman, Vice Chair  
Councilmember, City of Napa

Jack Gingles, Commissioner  
Mayor, City of Calistoga

Cindy Coffey, Alternate Commissioner  
Councilmember, City of American Canyon

Bill Dodd, Commissioner  
County of Napa Supervisor, 4th District

Brad Wagenknecht, Commissioner  
County of Napa Supervisor, 1st District

Mark Luce, Alternate Commissioner  
County of Napa Supervisor, 2nd District

Brian J. Kelly, Chair  
Representative of the General Public

Gregory Rodeno, Alternate Commissioner  
Representative of the General Public

Keene Simonds  
Executive Officer