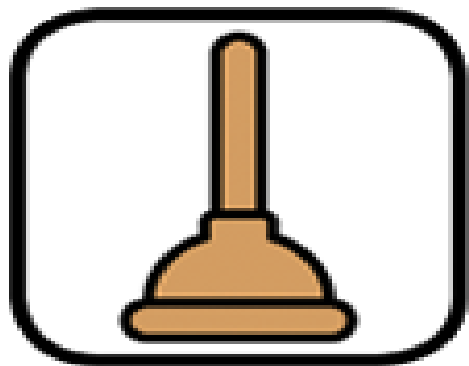
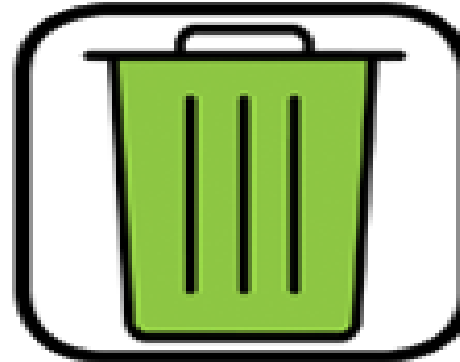
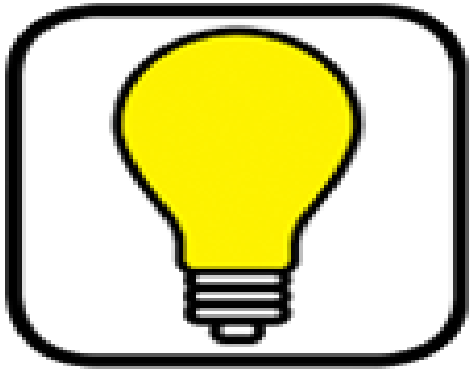
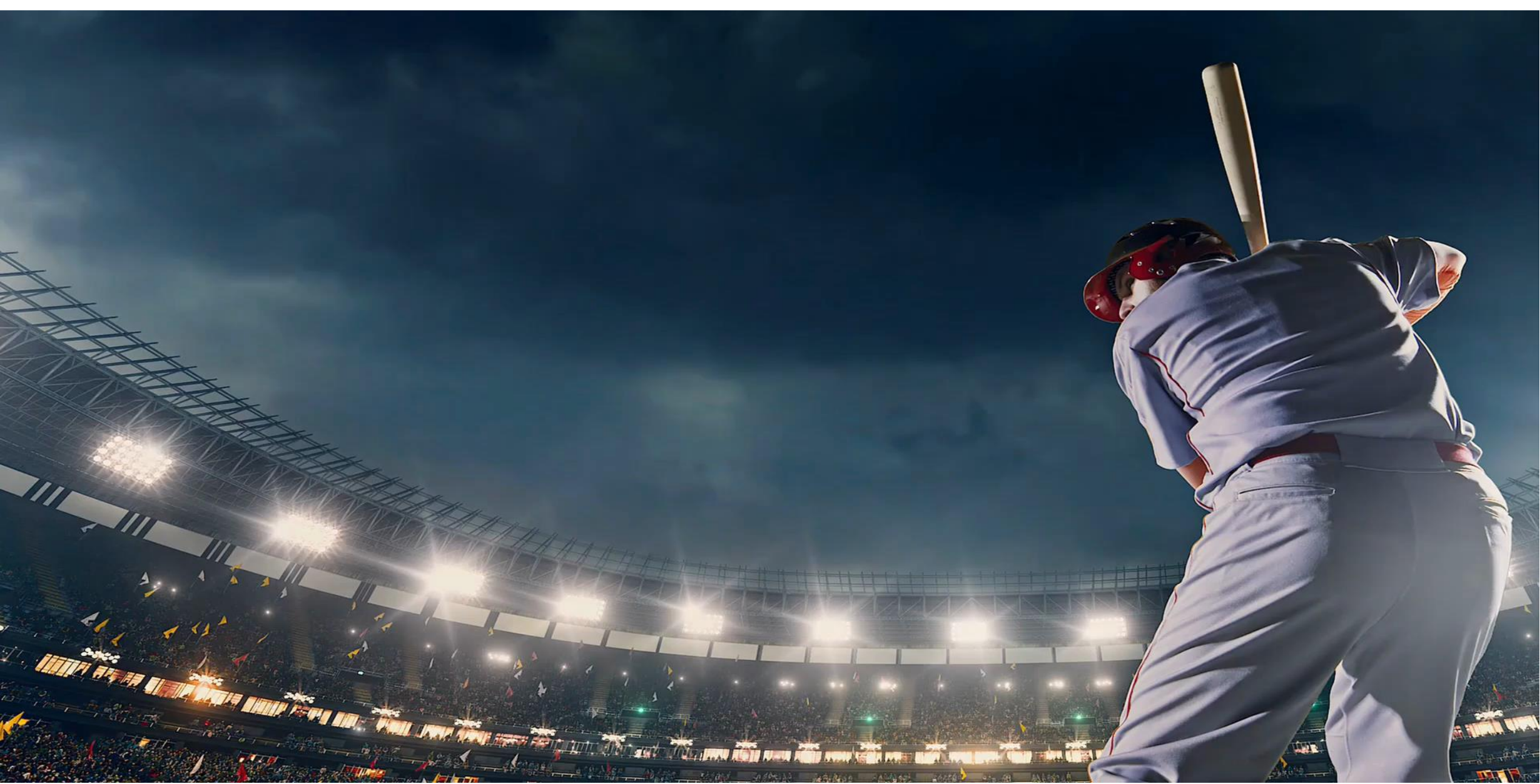


MUNICIPAL SERVICE REVIEWS





Existing Law

- 1) Establishes a LAFCO within each county to control the boundaries of local agencies in that county.
- 2) Requires LAFCOs to adopt spheres of influence (SOI) for local agencies every five years based on information contained in a MSR.
- 3) Requires most boundary changes to be approved by voters if 25% of the voters or landowners representing 25% of the assessed value of land in the area of a proposed boundary change submit written protests to LAFCO.
- 4) Provides that where a LAFCO initiates a boundary change (rather than by petition or a local agency application), an election is generally required if 10% of voters or landowners submit written protests.

MSRs

Government Code section 56430:

“In order to prepare and to update spheres of influence ... the commission shall conduct a *service review of the municipal services* provided in the county or other appropriate area designated by the commission.”



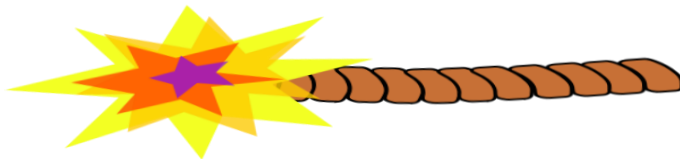
How Did We Get Here...?



- Years of frustration trying to address failing agencies.
- Limited political interest in LAFCo initiating proposals with an unreasonably low protest thresholds (10%)
- 2017 Little Hoover Commission report Special Districts: Improving Oversight and Transparency with a recommendation that the *“The Legislature should convene an advisory committee to review the protest process for consolidations and dissolutions of special districts and to develop legislation to simplify and create consistency in the process.”*

How Did We Get Here...cont'd

- In 2019, following the LHC recommendation, CALAFCO initiated the effort to form the 18 member **Protest Threshold Working Group** consisting of CALAFCO, CSDA and legislative committee staff.
- 2022, after three years of work (delayed due to the pandemic), the working group came to consensus on the redraft of existing protest statutes and a new process that allows LAFCOs to initiate dissolution of a district at the 25% protest threshold under specific circumstances.



How Did We Get Here...cont'd



2022, SB 938 Signed by the Governor!

LET'S ROLL!



What's new?

What's new?

What's new?

What's new?

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What's new?

The Nuts and Bolts of SB 938!

Incorporates into CKH a new process to dissolve underperforming districts (Section 56375.1):

Step 1: Public Hearing - Commission adopts/accepts MSR that finds one or more of the following:

- a. Chronic service deficiencies
- b. Unlawful use of public funds
- c. Failure to consistently adhere to Public Records Act
- d. Failure to hold minimum required number meetings
- e. Failure to perform audits or meet minimum financial reporting requirements

The Nuts and Bolts of SB 938!

Step 2: Public hearing: Commission adopts a resolution of intent to initiate dissolution – Must provide a minimum 12-month remediation period

Step 3: Public hearing: At the end of remediation period:

- a. Deficiencies resolved – Commission rescinds resolution of intent to dissolve – no further action
- b. Deficiencies unresolved – Commission adopts resolution to dissolve district – Protest threshold for dissolution increased from 10% to 25%

Provides that any public noticed required shall be published and posted in accordance with existing law.

Specifies that the date of the public hearing shall be at least 60 days, but no more than 90 days, from the date the notice is given.

Specifies that the public hearings may be combined into a single public hearing for which notice has been published and posted.



Dissolution



Leaves current provisions for
LAFCo-initiated dissolutions
intact (i.e. 10% protest
threshold)

DO YOU AGREE or DISAGREE?

1. SB 938 helps a LAFCo and a Special District, it enhances accountability.
2. A quality MSR is comprehensive and enhances communication between LAFCOs and local agency staff.
3. A MSR should be widely disseminated to the public to increase transparency of each agency reviewed.
4. A MSR should aggressively address critical issues and clearly establish any future actions that LAFCo may choose to initiate at a later date.
5. A MSR is the best foundation for the approval/disapproval of subsequent LAFCo actions, and is a critical part of the administrative record.
6. A MSR should be consistently updated every five years.