

# Consolidations

Practice tips and practical  
experiences

# Policies

- We all have the CKH Act and know a consolidation is processed as a change of organization (gc 56021) and normally LAFCo would receive similar resolutions by both agencies and approve the proposal or ensure it meets local standards (if you have local standards).
- **However, local policies** specifying the items your LAFCo would like to see addressed:
  - Service plans and safeguards to ensure uniform and consistent service quality throughout the newly consolidated or merged jurisdiction.
  - Staffing levels, personnel costs, and employment contracts.
  - Potential for cost efficiencies and economies of scale.
  - Potential for improved governance and accountability.
  - Plans for restructuring agency debt.
  - Provisions for combining capital reserves and improvement plans.
  - Provisions for establishing zones of benefit, if necessary.

# Special Consolidation Procedures

- Procedure for Formation of Subsidiary Districts.
- Special Consolidation Procedures. If two or more local agencies file an application to consolidate that meets the standards established in Government Code Section 56853, the Commission will either approve the proposal or require conditions that will ensure the proposal is consistent with LAFCO policy.

# Initiation

- Two types of consolidations... those initiated by LAFCo and those initiated by districts. We are going to address those initiated by districts
- I don't know of any initiated by petition.

# Communication

- Agencies must be able to communicate well with one another including healthy interaction internally among staff and with the public.
- For LAFCo observe to see if the agencies work well together before a consolidation is filed.
- Suggest alternatives to consolidation. While alternatives may sound good, in reality many alternatives may not really be acceptable.
  - i.e. a JPA or an agreement for a specific service

# Is the public involved

- The district boards of directors are elected by the public so they represent the public .. Or do they?
- Has any outreach been done by the district (s).... such as public meetings, notices in local newspapers, mailers to engage the public?
- Or... will outreach have to be accomplished by LAFCo

# Science?

- Has there been any feasibility study? What does it contain?, is it current. Is there a projected budget?
- How do you equalize services in the consolidated district when one of two districts being consolidated receives more tax revenue than the other?
- Do folks work well together?

# Items required

- Detailed plan for services for the new district?
- What is the justification for the consolidation?
- The normal items required with any consolidation i.e. maps, boundary descriptions, application forms.
- Make sure LAFCo recovers its costs in the processing of the consolidation including fee deposits and accounting of the LAFCo costs to review the application. It all pays by the hour.
- Items required in your policies.

# Terms and conditions

- Is there a need for additional revenue for the consolidation to become viable? ...or not?
- What about unions or employee agreements?
- Make sure you have an effective date i.e. April 11, 2013. Do not use the words “as soon after as practicable”

# Case Study #1

- Quincy and East Quincy CSD's
  - All the required items for a consolidation were in place.
  - The community was behind the consolidation.
  - LAFCo's resolution was a masterpiece excepting that one thing about the effective date whereby the consolidation would take place upon a resolution of employee benefit differences and had the words "as soon as practicable" after the effective date.
  - Meanwhile one of the District Board's had a change of heart and voted to divorce.

# Case Study #1

- Since LAFCo had already recorded the certificate of completion and filed the documents with the BOE, at the request of one of the District Boards. The County Auditor could not give the districts their property tax revenue and could only give it to the newly consolidated district.
- An argument ensued as to whether or not the district really did exist?
- BOE staff and the Auditor were great to work with but it came down to money.
- As a result LAFCo staff required that district to pay the costs of reversing the entire consolidation.

# Case Study #1 Continued

- When the districts were merged there were no protests.
- When the divorce took place there were several protests in the community but not enough to stop it.
- During all this the Commission also had a change of heart and said let them be separated.
- Lessons learned: Watch out when you have to culturally distinct areas wanting to merge. These areas are distinct from one another and have been for over 100 years.
- They also speak different languages similar as in Canada with the province of Quebec speaking french and being a distinct society.

# Case Study #2

## Nice CSD, Lucerne Park and Recreation, Clearlake Oaks Fire, and Upper Lake Fire Protection District

- Consolidation of four fire and EMS agencies to provide fire and EMS as one unified agency
- New legislation had recently passed authorizing a consolidation of agencies formed under different principal Acts.
- There were Concerns over cost-effectiveness, administration and level of service.
- The four agencies formed the Northshore Fire Protection Authority to examine the possibility of combining administrative and operational activities under a single administrative unit.
- Over a three-year trial period issues such as implementation of services, standardization of services, and an application process to LAFCO.

The Districts jointly applied for a *consolidation* to form the Northshore Fire Protection District

Approved by LAFCO in 2006

LAFCO Conditions of Approval  
Included:

- **Transfer** of fire service responsibilities and resources from the Districts to NFPD
- **Employees** to become Employees of the NFPD - retention of rights
- **Dissolution** of the four districts
- **Revenue** - Respect historical distribution of funds- Benefit Zones

# Conclusion

- Know the territory and any cultural differences  
spend some time getting to know the districts
- Have local consolidation policies
- Have a fee structure to pay LAFCo costs
- Explore alternatives with the districts – feasible or not.
- Always have an effective date when the consolidation is final.