

**LOCAL AGENCY FORMATION COMMISSION
OF ORANGE COUNTY**

REGULAR MEETING AGENDA

**Wednesday, April 13, 2022
8:15 a.m.**

**Planning Commission Hearing Room
Hall of Administration
333 W. Santa Ana Blvd.
10 Civic Center Plaza, Santa Ana, CA 92701**

Any member of the public may request to speak on any agenda item at the time the Commission is considering the item.

- 1. CALL THE MEETING TO ORDER**
- 2. PLEDGE OF ALLEGIANCE**
- 3. ROLL CALL**
- 4. ANNOUNCEMENT OF SUPPLEMENTAL COMMUNICATION
(Communication received after agenda distribution for agendized items.)**
- 5. PUBLIC COMMENT**

This is an opportunity for members of the public to address the Commission on items not on the agenda, provided that the subject matter is within the jurisdiction of the Commission and that no action may be taken by the Commission on an off-agenda item(s) unless authorized by law.

6. CONSENT CALENDAR

a.) March 9, 2022 – Regular Commission Meeting Minutes

The Commission will consider approval of the March 9, 2022 meeting minutes.

b.) Fiscal Year 2021-22 Quarterly Financial Report (Third Quarter)

The Commission will receive the third quarter financial report for the Fiscal Year 2021-22.

7. PUBLIC HEARING

No public hearing items scheduled.

8. COMMISSION DISCUSSION AND ACTION

a.) Professional Consultant Services Agreement with Berkson Associates

The Commission will consider approval of a professional services agreement with Berkson Associates to prepare fiscal indicators for the Southwest and West MSR regions.

b.) First Amendment to Professional Consultant Services Agreement with Eide Bailly

The Commission will consider approval of an amendment to the professional services agreement with Eide Bailly for accountant consulting services.

c.) Legislative Report (April 2022)

The Commission will receive the quarterly legislative report and consider adopting positions on proposed legislation of LAFCO interest.

9. COMMISSIONER COMMENTS

This is an opportunity for Commissioners to comment on issues not listed on the agenda, provided that the subject matter is within the jurisdiction of the Commission. No discussion or action may occur or be taken except to place the item on a future agenda if approved by the Commission majority.

10. EXECUTIVE OFFICER'S REPORT

Executive Officer's announcement of upcoming events and brief report on activities of the Executive Officer since the last meeting.

11. INFORMATIONAL ITEMS & ANNOUNCEMENTS

No informational items and announcements.

12. CLOSED SESSION

No closed session items scheduled.

13. ADJOURNMENT OF REGULAR COMMISSION MEETING

Pursuant to Government Code Section 54957.5, public records that relate to open session agenda items that are distributed to a majority of the Commission less than seventy-two (72) hours prior to the meeting will be made available to the public on the OC LAFCO website at www.oclafco.org.

State law requires that a participant in an OC LAFCO proceeding who has a financial interest in a decision and who has made a campaign contribution of more than \$250 to any commissioner in the past year must disclose the contribution. If you are affected, please notify the Commission's staff before the hearing.

All regular meeting agendas and associated reports are available at www.oclafco.org. Any person with a disability under the Americans with Disabilities Act (ADA) may receive a copy of the agenda or associated reports upon request. Any person with a disability covered under the ADA may also request a disability-related modification or accommodation, including auxiliary aids or services, to participate in a public meeting. Requests for copies of meeting documents and accommodations shall be made with OC LAFCO staff at (714) 640-5100 at least three business days prior to the respective meeting.

2022 MEETING AND EVENTS CALENDAR

Approved February 9, 2022

2022



January						
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July						
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31						

October						
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December						
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- OC LAFCO Regular Meeting (*begins at 8:15 a.m.*)
Location: Hall of Administration, Planning Commission Hearing Room, 10 Civic Center Plaza, Santa Ana, CA 92701.
- Strategic Planning Workshop (*8:00 a.m. to 2:30 p.m.*)
Location: County Administration South (CSA) Multipurpose Room, 601 North Ross Street, Santa Ana, CA 92701.
- Office closure due to legal holidays and flexible work schedule.
- CALAFCO Annual Conference - October 19 - 21, 2022 at Hyatt Regency Newport Beach John Wayne Airport.

DRAFT MINUTES

OC LAFCO REGULAR MEETING

Wednesday, March 9, 2022
8:15 a.m.

Planning Commission Hearing Room
Hall of Administration
333 W. Santa Ana Blvd.
10 Civic Center Plaza, Santa Ana, CA. 92701

1. CALL TO ORDER

Chair Davert called the meeting of the Local Agency Formation Commission of Orange County (OC LAFCO) to order at 8:18 a.m.

2. PLEDGE OF ALLEGIANCE

Vice Chair Wagner led the Pledge of Allegiance.

3. ROLL CALL

The following Commissioners were present:

- **Chair Douglass Davert**
- **Vice Chair Donald Wagner**
- **Commissioner Lisa Bartlett (arrived at 8:20 a.m.)**
- **Commissioner James Fisler**
- **Commissioner Derek J. McGregor**
- **Alternate Commissioner Kathryn Freshley**
- **Alternate Commissioner Peggy Huang**
- **Alternate Commissioner Lou Penrose**

The following Commissioners were absent:

- **Commissioner Wendy Bucknum**
- **Commissioner Mike Posey**
- **Alternate Commissioner Andrew Do**

The following OC LAFCO staff members were present:

- Executive Officer Carolyn Emery
- Assistant Executive Officer Raymond Barragan
- Policy Analyst Luis Tapia
- Policy Analyst Gavin Centeno
- Commission Clerk Cheryl Carter-Benjamin
- General Counsel Scott Smith

4. ANNOUNCEMENT OF SUPPLEMENTAL COMMUNICATION (Received After Agenda Distribution)

Executive Officer Carolyn Emery noted that no supplemental communication was received.

5. PUBLIC COMMENT

Chair Davert requested public comments on any non-agenda items. Commission Clerk Cheryl Carter-Benjamin noted that there were no requests to speak from the public.

Chair Davert closed the hearing of public comments.

6. CONSENT CALENDAR

Chair Davert asked if the Commissioners would like to pull any consent items for discussion and if there were any public comments. There were no requests from Commissioners to pull any of the consent items. The Commission Clerk noted no requests from the public to speak on the item. **Chair Davert** called for a motion on the consent calendar. **Commissioner Fisler** motioned for approval of the consent calendar and **Commissioner McGregor** seconded the motion.

6a. – Approval of Minutes – February 9, 2022, Regular Commission Meeting

6b. – CALAFCO Update

MOTION: Approve the Consent Calendar. (James Fisler)
SECOND: Derek J. McGregor
FOR: James Fisler, Derek J. McGregor, Donald Wagner, Lisa Bartlett,
Peggy Huang, Douglass Davert
AGAINST: None
ABSTAIN: None

MOTION PASSED: 6-0.

7. PUBLIC HEARING

7a. – 2022-23 OC LAFCO Proposed Budget and Fee Schedule

Assistant Executive Officer Raymond Barragan gave a brief staff presentation and noted the actions recommended by staff.

Chair Davert opened the public hearing. Commission Clerk Cheryl Carter-Benjamin noted that there were no requests from the public to speak on the item. **Chair Davert** closed the public hearing.

Chair Davert asked if there were any questions or comments from Commissioners. Commission Accountant Ian Berg and Executive Officer Emery addressed general questions and requests for clarification made by the Commissioners regarding the agency's reserves.

Chair Davert called for a motion on the recommended actions. **Commissioner Wagner** motioned to approve the staff recommended actions and **Commissioner McGregor** seconded the motion.

MOTION: Adopt the Proposed FY 2022-23 OC LAFCO Budget and direct the Executive Officer to distribute the document for review and comment to the Board of Supervisors, cities, and special districts; Direct staff to schedule a public hearing for consideration and adoption of the Final FY 2022-23 OC LAFCO Budget at the May 11, 2022 regular meeting; and Adopt Resolution No. CP22-01 approving the 2022-23 Fee Schedule. (Donald Wagner)

SECOND: Derek J. McGregor

FOR: Donald Wagner, Derek J. McGregor, Lisa Bartlett, James Fisler, Peggy Huang, Douglass Davert

AGAINST: None

ABSTAIN: None

MOTION PASSED: 6-0.

8. COMMISSION DISCUSSION AND ACTION

8a. – Legislative Report

Policy Analyst Luis Tapia presented the interim legislative report, including specifics on Senate Bill 938 sponsored by CALAFCO and the Commission's legislative policy, and noted the recommended action.

Chair Davert called for Commission discussion and public comments. Commissioners made general comments, and the Commission Clerk Cheryl Carter-Benjamin noted that there were no requests from the public to speak on the item.

Chair Davert called for a motion on the recommended actions. **Commissioner Fisler** motioned to approve the staff recommended actions and **Commissioner McGregor** seconded the motion.

MOTION: Adopt a *“Support”* position on SB 938; Direct staff to send a position letter to the bill authors of SB 938. (James Fisler)

SECOND: Derek J. McGregor

FOR: James Fisler, Derek J. McGregor, Donald Wagner, Lisa Bartlett, Peggy Huang, Douglass Davert

AGAINST: None

ABSTAIN: None

MOTION PASSED: 6-0.

9. COMMISSIONER COMMENTS

No general comments from Commissioners.

10. EXECUTIVE OFFICER’S REPORT

No items of report by the Executive Officer.

11. INFORMATIONAL ITEMS & ANNOUNCEMENTS

No informational items and announcements.

12. CLOSED SESSION

No closed session items scheduled.

13. ADJOURNMENT OF THE REGULAR COMMISSION MEETING

Chair Davert called for discussion on the meeting in April. General Counsel Scott Smith summarized the staff report and provided a summary of actions for the Commission to consider. **Commissioner Huang** motioned to not extend the application of Resolution No. 21-08 and return to fully in-person meetings. **Commissioner Wagner** seconded the motion.

MOTION: Return to fully in-person meetings. (Peggy Huang)

SECOND: Donald Wagner
FOR: Peggy Huang, Donald Wagner, Lisa Bartlett, James Fisler,
Derek J. McGregor, Douglass Davert,
AGAINST: None
ABSTAIN: None

MOTION PASSED: 6-0.

Chair Davert adjourned the Regular Commission Meeting at 8:43 a.m. to April 13, 2022.

Douglass Davert, Chair
Orange County Local Agency Formation Commission

By: _____
Cheryl Carter-Benjamin
Commission Clerk

REGULAR MEMBERS

CHAIR

Douglass Davert
Special District Member

VICE CHAIR

Donald P. Wagner
County Member

IMMEDIATE PAST CHAIR

Derek J. McGregor
Public Member**Lisa Bartlett**
County Member**Wendy Bucknum**
City Member**James Fisler**
Special District Member**Mike Posey**
City Member**ALTERNATES****Andrew Do**
County Member**Kathryn Freshley**
Special District Member**Peggy Huang**
City Member**Lou Penrose**
Public Member**STAFF****Carolyn Emery**
Executive Officer**Scott Smith**
General Counsel

April 13, 2022

TO: Local Agency Formation Commission
of Orange County**FROM:** Executive Officer**SUBJECT:** Fiscal Year 2021-2022 Quarterly Financial Report
(*Third Quarter*)

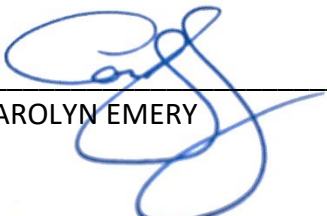
The attached quarterly financial report provides an assessment of the agency's budget and investment portfolio for the period of January 1 through March 31, 2022. Upon review by the Commission, the quarterly reports are published on the transparency page of the agency's website. The next report on the agency's financial status will be presented in the July 13 year-end report.

RECOMMENDED ACTION

Staff recommends that the Commission:

1. Receive and file the Fiscal Year 2021-2022 Financial Quarterly Report (*Third Quarter*).

Respectfully submitted,



CAROLYN EMERYAttachment 1: Fiscal Year 2021-2022 Quarterly Financial Report (*Third Quarter*)



Quarterly Financial Report

Fiscal Year 2021-22 (Third Quarter)

Prepared: April 13, 2022

HIGHLIGHTS:

FY 2021-22 Budget Overview – Pages 2-4

Balance Sheet & Reserves Analysis – Pages 5-6

FY 2021-22 BUDGET OVERVIEW

This report provides an update on the agency's budget and investment portfolio performance for the period of January 1, 2022, through March 31, 2022.¹ The Fiscal Year 2021-22 budget of approximately \$1.3 million supports the operations of the Commission and the resources needed to accomplish the work plan. During the third quarter, the Commission continued the efforts of the current work plan while maintaining the overall approved budget within target levels.

Revenues

The OC LAFCO revenues (agency apportionments and interest earnings) were at approximately 85% at the end of the third quarter. The year-to-date agency revenues received include \$1,158,240 in agency apportionments and \$4,742 in interest earnings received from the Commission's investment accounts.

Another source of LAFCO revenue is application filing fees. These filing fees are not used for budgeting purposes as they are used to offset the costs associated with processing the respective applications. Currently, the agency has filing fees for five applications that are shown in the financial overview as revenue within the Special Fund column. During the third quarter, one of the applications was completed and fees reconciled. The Special Fund column in the chart on page 4 includes year-to-date accounting of all application fees and expenses incurred during the current fiscal year.

Expenditures

The General Fund expenditures as of March 31, 2022 are approximately six percent below the third quarter target level totaling \$947,084 or 69% of the total budget. The following table provides a comparison of the percentage of actual funds used and the target levels for the current fiscal year.²

Total Funds Used				
	1 st Qtr.	2 nd Qtr.	3 rd Qtr.	4 th Qtr.
Target	25%	50%	75%	100%
Actual	22.5%	46.8%	69.2%	-

Expenditures during the third quarter are generally within target levels with most expenses attributed to operational costs, such as salaries, benefits, and the office lease. Similar to the previous fiscal year, it is expected that the travel and transportation, professional development and Commissioner meeting expenditures will remain under the approved budget levels due to the circumstances of the pandemic. However, as the Commission has resumed in-person meetings, there will be expenditures attributed to these line items during the fourth financial quarter. Other expenditures, such as legal and public noticing will be offset in part by application fees.

¹ All financial statements contained in this report are on an accrual accounting basis.

² Actual expenditures for the quarterly reporting are unaudited and subject to change.

Balances and Investment Report

The following table illustrates the balance of LAFCO's bank accounts as of March 31, 2022:

As of 12/31/21	Balance
770-Payroll Account	\$376,253
Wells Fargo Checking	\$149,811
Wells Fargo Savings	<u>\$213,251</u>
Total	<u>\$739,315</u>

To maximize the interest accrued on the agency's revenues, apportionment fees are deposited in the Local Agency Investment Fund (LAIF) and OC Fund accounts. Throughout the fiscal year, funds are transferred from the investment accounts to the bank accounts to cover the agency's operational expenses. Additionally, during the third quarter, the agency's Section 115 Public Agencies Post-Employment Benefits Trust (Trust) experienced a loss of \$1,460 to the investment earnings, leaving the current balance at \$60,510 at the end of March.

The following table illustrates the balance of LAFCO's investment portfolio as of March 31, 2022.

As of 12/31/21	Balance
OC Fund	\$499,845
LAIF	\$371,430
PARS Trust	<u>\$ 60,510</u>
Total	<u>\$931,785</u>

OC LAFCO - Quarterly Budget Overview³

January 1, 2022 – March 31, 2022

Orange County Local Agency Formation Commission Quarter Budget Overview January 1, 2022 - March 31, 2022

	1st Qtr. General Fund	2nd Qtr. General Fund	3rd Qtr. General Fund	YTD General Fund	YTD Special Revenue Funds	TOTAL FY 21/22 Budget	General Fund %
Revenue:							
Addition/(Use) of Unreserved Equity	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 200,010	0.0%
LAFCO Apportionment	1,153,958	4,282	-	1,158,240	-	1,158,240	100.0%
Filing Fees	-	-	-	-	152,109	-	0.0%
Misc Revenue	464	107	106	678	-	-	0.0%
Interest & Dividends	899	2,428	1,415	4,742	-	10,000	47.4%
PARS Trust Investment Gain/Loss	-	914	(2,404)	(1,490)	-	-	0.0%
Total Revenue	\$ 1,155,320	\$ 7,731	\$ (882)	\$ 1,162,170	\$ 152,109	\$ 1,368,250	84.9%
Expenditures:							
Salaries	\$ 134,491	\$ 143,128	\$ 132,900	\$ 410,518	\$ 13,674	\$ 552,330	74.3%
Hourly Employees	4,038	1,771	4,121	9,930	-	18,000	55.2%
Benefits & Insurance	-	-	-	-	-	-	-
Optional Benefit Plan	-	18,500	-	18,500	-	18,500	100.0%
Deferred Compensation	4,030	4,203	3,689	11,923	-	16,800	71.0%
Retirement Benefits	57,376	58,851	53,299	169,527	-	218,650	77.5%
Health Insurance	15,558	15,719	14,300	45,576	-	67,230	67.8%
Retiree Health Benefits	4,957	5,054	4,578	14,589	-	19,040	76.6%
Dental Insurance	702	706	627	2,035	-	5,320	38.3%
Life Insurance	104	104	89	296	-	500	59.2%
Workers Compensation	-	-	-	-	-	2,460	0.0%
Medicare	2,108	2,401	1,970	6,479	-	8,540	75.9%
Unemployment Insurance	150	153	140	443	-	550	80.6%
Salary Continuance	358	367	335	1,060	-	1,450	73.1%
Accidental Death Insurance	25	25	22	73	-	150	48.4%
Executive Car Allowance	2,400	1,800	1,200	5,400	-	7,200	75.0%
Total - Benefits & Insurance	87,769	107,884	80,248	275,901	-	366,390	75.3%
Information Technology	2,801	3,021	2,322	8,144	-	12,700	64.1%
Telephone & Internet	2,241	4,100	2,249	8,590	-	14,500	59.2%
County of Orange	1,037	625	1,249	2,910	-	11,000	26.5%
General Liability Insurance	1,826	1,826	1,826	5,477	-	7,400	74.0%
Memberships	8,762	8,782	8,968	26,512	-	35,600	74.5%
Office Equipment/Supplies	5,067	6,950	2,725	14,742	-	19,400	76.0%
Professional Services:	-	-	-	-	-	-	-
Legal	9,684	5,960	7,353	22,997	16,115	25,000	92.0%
Accounting/Audit	14,000	11,405	6,000	31,405	-	43,500	72.2%
Human Resources	-	7,500	-	7,500	-	9,500	78.9%
Mapping/Archiving	850	850	850	2,550	-	7,300	34.9%
Other Professional Services	13,688	1,611	2,250	17,549	-	85,000	20.6%
Total - Professional Services	38,222	27,326	16,453	82,001	16,115	170,300	48.2%
Investment Admin Fees	163	180	159	502	-	830	60.4%
SBE	-	-	-	-	3,500	-	0.0%
Public Noticing	-	-	1,850	1,850	5,693	11,500	16.1%
Unincorporated Areas Program	-	137	-	137	-	3,000	4.6%
Rents/Maintenance	32,640	25,278	25,774	83,693	-	100,600	83.2%
Equipment Leases	1,409	1,592	1,409	4,410	-	7,700	57.3%
Comm. & Staff Expense	85	402	-	487	-	7,000	7.0%
Comm. Stipends & Taxes/Fees	3,400	2,254	3,830	9,485	-	15,500	61.2%
Professional Development	-	-	-	-	-	5,000	0.0%
Transportation/Travel	-	620	23	644	-	3,000	21.5%
Commission Meeting Expense	397	287	465	1,149	-	6,500	17.7%
Refund of Deposit	-	-	-	-	90,182	-	0.0%
Total Expenditures	324,349	336,164	286,571	947,084	129,164	1,368,250	69.2%
Total Net Income (Loss)	\$ 830,972	\$ (328,432)	\$ (287,453)	\$ 215,086	\$ 22,945	\$ -	

*Financial data represents pre-audited amounts, which does not include all year end adjustments.

³ The figures in this chart are unaudited and subject to change.

Balance Sheet and Reserves Balance Analysis

This report includes the balance sheet to provide an understanding of LAFCO's financial status. The financial document on this page summarizes the agency's assets and liabilities as of March 31, 2022. Additionally, an analysis of the agency's reserve balances is provided on page 6.

OC Local Agency Formation Commission Balance Sheet As of March 31, 2022

	Mar 31, 22
ASSETS	
Current Assets	
Cash and Investments	
PARS Trust	\$ 60,510
County Acct-Payroll	376,253
Wells Fargo Checking	149,811
Wells Fargo Savings	213,251
OC Fund	499,845
Investment Acct - LAIF	371,430
Fair Market Value Adjustments	1,080
Total Cash and Investments	1,672,180
Other Current Asset	
Prepaid Expenses - Other	16,623
Retirement Prepaid Expense	74,860
Total Other Current Asset	91,483
Total Current Assets	1,763,663
Fixed Assets	17,068
Other Assets	
Def. Outflows Pension Related	450,602
Pension Deposit	166,162
Deferred OPEB Contributions	8,474
Deferred Outflows OPEB Related	7,222
Security Deposit	10,235
Total Other Assets	642,694
TOTAL ASSETS	2,423,425
LIABILITIES & EQUITY	
Liabilities	
Current Liabilities	
Salaries Payable	29,484
Compensated Absences	34,818
Total Current Liabilities	64,302
Long Term Liabilities	
Deferred Inflows OPEB Related	16,237
Net OPEB Liability	109,593
Net Pension Liability	1,248,133
Def. Inflows Pension Related	561,923
Deferred Lease Incentive	42,872
Total Long Term Liabilities	1,978,758
Total Liabilities	2,043,060
Equity	380,365
TOTAL LIABILITIES & EQUITY	\$ 2,423,425

*Financial data was prepared in advance of March 31, 2022. Figures are subject to change as they have been projected through March 31, 2022 and represent pre-audited amounts.

OC Local Agency Formation Commission Reserves Balance Analysis

Cash & Investments Description	Mar 31, 2022 Balance	Commission Approved Balances	Balance Excess / (Deficiency)
County Payroll	\$ 376,253	\$ 222,488 ¹	\$ 153,765
Checking - Wells Fargo	149,811	113,833 ¹	35,978
Savings - Wells Fargo	213,251	205,000 ¹	8,251
OC Fund Investment	499,845	-	499,845
LAIF Investment	371,430	-	371,430
PARS Trust	60,510	-	60,510
Total	\$ 1,671,100	\$ 541,321	\$ 1,129,779 ²

Footnotes:

1 - Per the Cash and Cash Management Policy, the Commission must maintain \$541,321 during fiscal year 2021/22 in order to cover three months of payroll costs (County Payroll), 3 months of operational expenses (Checking - Wells Fargo) and a minimum of \$205,000 (Savings - Wells Fargo) to cover contingency, litigation and unfunded liabilities.

2 - Remaining Available Cash to fund Operations and Reserves.

April 13, 2022

8a | Commission
Discussion**REGULAR MEMBERS****CHAIR**
Douglass Davert
Special District Member**VICE CHAIR**
Donald P. Wagner
County Member**IMMEDIATE PAST CHAIR**
Derek J. McGregor
Public Member**Lisa Bartlett**
County Member**Wendy Bucknum**
City Member**James Fisler**
Special District Member**Mike Posey**
City Member**ALTERNATES****Andrew Do**
County Member**Kathryn Freshley**
Special District Member**Peggy Huang**
City Member**Lou Penrose**
Public Member**STAFF****Carolyn Emery**
Executive Officer**Scott Smith**
General Counsel**TO:** Local Agency Formation Commission
of Orange County**FROM:** Executive Officer
Policy Analyst**SUBJECT:** Professional Services Agreement with Berkson Associates**BACKGROUND**

In 2011, OC LAFCO launched the Fiscal Indicators web-based program. The program was developed through a stakeholder effort with cities and special districts and ultimately resulted in a user-friendly financial “dashboard” that provides a general indication of an agency’s overall fiscal health. Additionally, a key use of the fiscal indicators is to assist the Commission in addressing the financial ability of cities and special districts to continue providing efficient services to Orange County residents, a key determination of municipal service reviews (MSRs).

With the fourth cycle of MSRs underway, staff recognized the fiscal indicators as a key tool for preparing the reviews, and has worked with consultant, Berkson Associates to enhance the effectiveness of the indicators. Improvement to the fiscal indicators includes quantitative and benchmark metrics that will be developed through data from agencies’ budgets and other financial documents. Additionally, the enhancements support more efficiency in the ongoing maintenance of this data for current and future MSRs that are less cumbersome for staff.

With the Fiscal Indicators Program now improved and ready for use, this report includes a recommendation to approve a professional services agreement with Berkson Associates to develop the fiscal indicators for the Southwest and West MSR regions. The two MSRs are identified in the FY 2021-22 Work Plan, and the scope of service within the Agreement includes the preparation of fiscal indicators for 13 cities and 11 special districts. Richard Berkson, Principal of Berkson Associates, has over 30 years of experience providing clear and concise fiscal and financial analysis of local government organizations. In addition to working with local agencies throughout the state, Mr. Berkson’s experience includes the evaluation and preparation of fiscal studies for several LAFCOs involving MSRs and other complex changes of organization and reorganizations (i.e., incorporations, consolidations and dissolutions). His most recent

experience with OC LAFCO includes the preparation of the fiscal analysis for San Juan Capistrano's Water and Wastewater Utilities and refining the fiscal indicators program. Both Richard's professional expertise and prior experience with OC LAFCO will be beneficial in the preparation of the fiscal indicators for the Southwest and West MSRs.

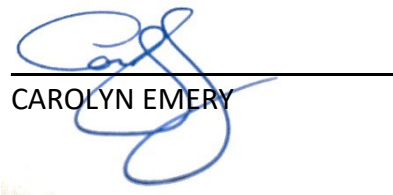
The Agreement, which includes the scope of services and costs, is referenced as Attachment 1 to this staff report and includes a total-not-to-exceed of \$15,000. If approved by the Commission and as indicated in the scope of services, Mr. Berkson would work collaboratively with the consultant selected to prepare the Southwest and West MSRs. That agreement will be presented to the Commission at the May meeting for consideration.

RECOMMENDED ACTION

Staff recommends the Commission:

1. Approve the professional services agreement between OC LAFCO and Berkson Associates.
2. Authorize the Executive Officer to execute the agreement.

Respectfully submitted,



CAROLYN EMERY



GAVIN CENTENO

Attachment:

1. Professional Services Agreement between OC LAFCO and Berkson Associates

**ORANGE COUNTY LOCAL AGENCY FORMATION COMMISSION
PROFESSIONAL CONSULTANT SERVICES AGREEMENT**

This Agreement is made effective, _____, 2022, by and between ORANGE COUNTY LOCAL AGENCY FORMATION COMMISSION (hereinafter referred to as "LAFCO"), organized and operating pursuant to the Cortese-Knox-Hertzberg Local Government Reorganization Act of 2000, as amended (Government Code Sections 56000 et seq.), and Berkson Associates (hereinafter referred to as "Consultant").

RECITALS

A. LAFCO is a public agency of the State of California and is in need of professional consulting services to assist in updating the fiscal indicators web-based program for agencies located within the Southwest and West MSR regions (hereinafter referred to as "the Project").

B. Consultant is qualified by virtue of experience, training, education and expertise to provide such services.

C. This Agreement is to establish the terms and conditions for LAFCO to retain Consultant to provide the services described herein.

AGREEMENT

NOW, THEREFORE, IT IS AGREED AS FOLLOWS:

1. Term and Time of Performance.

The term of this Agreement shall be from the effective date through August 31, 2022, unless terminated in accordance with the procedures outlined in Section 15 of this Agreement. Consultant shall perform its services hereunder in a prompt and timely manner and shall commence performance upon the execution of this Agreement.

2. Services.

Consultant shall provide LAFCO with the services described in the Scope of Services attached hereto as Exhibit "A."

3. Compensation.

a. Subject to paragraph 3(b) below, LAFCO shall pay for such services in accordance with the Schedule of Charges set forth in Exhibit "B."

b. The compensation for services rendered by Consultant pursuant to Exhibit "A" shall not exceed \$15,000.

c. Consultant shall invoice monthly for completed tasks and actual costs, as shown in Exhibit B.

d. Consultant shall submit to LAFCO a statement for services rendered. LAFCO shall cause payment to be made to Consultant within thirty (30) working days from receipt of statement for services and LAFCO's determination that Consultant has adequately performed those services for which LAFCO has been invoiced.

4. Additional Work

If changes in the work seem merited by Consultant or LAFCO, and informal consultations with the other party indicate that a change is warranted, it shall be processed by LAFCO in the following manner: Consultant shall forward a letter outlining the changes to LAFCO with a statement of estimated changes in fee or time schedule. An amendment to the Agreement shall be prepared by LAFCO and executed by both parties before performance of such services or LAFCO will not be required to pay for the changes in the scope of work. Such amendment shall not render ineffective or invalidate unaffected portions of this Agreement.

5. Maintenance of Records.

Books, documents, papers, accounting records, and other evidence pertaining to costs incurred shall be maintained by Consultant and made available at all reasonable times during the Agreement period and for four (4) years from the date of final payment under the contract for inspection by LAFCO.

6. Delays in Performance.

Neither LAFCO nor Consultant shall be considered in default of this Agreement for delays in performance caused by circumstances beyond the reasonable control of the non-performing party. For purposes of this Agreement, such circumstances include but are not limited to, abnormal weather conditions; floods; earthquakes; fire; epidemics; war; riots and other civil disturbances; strikes, lockouts, work slowdowns, and other labor disturbances; sabotage or judicial restraint.

Should such circumstances occur, the non-performing party shall, within a reasonable time of being prevented from performing, give written notice to the other party describing the circumstances preventing continued performance and the efforts being made to resume performance of this Agreement.

7. Compliance with Law.

a. Consultant shall comply with all applicable laws, ordinances, codes and regulations of the federal, state and local government.

b. Consultant shall assist LAFCO in obtaining and maintaining all permits required of Consultant by Federal, State and local regulatory agencies.

8. Standard of Care.

Consultant's services will be performed in accordance with generally accepted professional practices and principles and in a manner consistent with the level of care and skill ordinarily exercised by members of the profession currently practicing under similar conditions.

9. Assignment and Sub-consultant.

Consultant shall not assign, sublet, or transfer this Agreement or any rights under or interest in this Agreement without the written consent of LAFCO, which may be withheld for any reason. Nothing contained herein shall prevent Consultant from employing independent associates and sub-consultants as Consultant may deem appropriate to assist in the performance of services hereunder.

10. Independent Contractor.

It is agreed that Consultant shall act and be an independent contractor and is not an agent or employee of LAFCO and is not entitled to participate in any compensation plans or other benefits LAFCO provides for its employees. All services shall be performed by Consultant or under its supervision. Consultant will determine the means, methods and details of performing the services, subject to the requirements of this Agreement. Any additional personnel performing the services under this Agreement on behalf of Consultant shall also not be employees of LAFCO and shall at all times be under Consultant's exclusive direction and control. Consultant shall be responsible for all reports and obligations respecting such personnel, including but not limited to: social security taxes, income tax withholding, unemployment insurance, disability insurance and workers' compensation insurance.

11. Integration.

This Agreement represents the entire understanding of LAFCO and Consultant as to those matters contained herein and supersedes and cancels any prior oral or written understanding, promises or representations with respect to those matters covered hereunder. This Agreement may not be modified or altered except in writing signed by both parties hereto. This is an integrated Agreement.

12. Insurance.

Consultant shall take out and maintain, during the performance of all work under this Agreement, in amounts not less than specified herein, all insurance set forth in "Exhibit C" hereto, in a form and with insurance companies acceptable to LAFCO.

13. Indemnification.

To the fullest extent permitted by law, Consultant shall defend, indemnify and hold LAFCO, its Board, members of the Board, employees, and authorized volunteers free and harmless from any and all claims, demands, causes of action, costs, expenses, liability, loss, damage or injury of any kind, in law or equity, to property or persons, including wrongful death, in any manner arising out of, pertaining to, or incident to the alleged negligent acts, errors or omissions caused by the negligence, or willful misconduct of Consultant, its officials, officers, employees, subcontractors, consultants or agents in connection with the performance of the Consultant's services or this Agreement, including without limitation the payment of all consequential damages, expert witness fees and attorney's fees and other related costs and expenses. Notwithstanding the foregoing, to the extent Consultant's services are subject to Civil Code Section 2782.8, the above indemnity shall be limited, to the extent required by Civil Code Section 2782.8, to claims that arise out of, pertain to, or relate to the negligence, recklessness, or willful misconduct of the Consultant.

In addition, Consultant shall defend, with counsel of LAFCO's choosing and, to the extent permitted by Civil Code Section 2782.8, at Consultant's own cost, expense and risk, any and all claims, suits, actions or other proceedings of every kind covered by this section arising out of, pertaining to, or incident to the alleged negligent acts, errors or omissions caused by the negligence, or willful misconduct of Consultant, its officials, officers, employees, subcontractors, consultants or agents in connection with the performance of the Consultant's services or this Agreement that may be brought or instituted against LAFCO or its Board, members of the Board, employees, and authorized volunteers. Consultant shall pay and satisfy any judgment, award or decree that may be rendered against LAFCO or its Board, members of the Board, employees, and authorized volunteers as part of any such claim, suit, action or other proceeding. Consultant shall also reimburse LAFCO for the cost of any settlement paid by LAFCO or its Board, members of the Board, employees, or authorized volunteers as part of any such claim, suit, action or other proceeding. Such reimbursement shall include payment for LAFCO's attorney's fees and costs, including expert witness fees. Consultant shall reimburse LAFCO and its Board, members of the Board, employees, and/or authorized volunteers, for any and all legal expenses and costs incurred by each of them in connection therewith or in enforcing the indemnity herein provided. Consultant's obligation to indemnify shall not be restricted to insurance proceeds, if any, received by LAFCO, its Board, members of the Board, employees, or authorized volunteers. Consultant shall have no duty or obligation to defend, indemnify, and/or pay settlement expenses of LAFCO, its Board, its Board members, employees, or authorized volunteers due to the negligence, errors or omissions caused by the sole negligence, and/or willful misconduct of LAFCO, its Board, its Board members, employees or authorized volunteers.

14. Laws, Venue, and Attorneys' Fees.

This Agreement shall be interpreted in accordance with the laws of the State of California. If any action is brought to interpret or enforce any term of this Agreement, the action shall be brought in a state or federal court situated in the County of Orange, State of California. In the event of any such litigation between the parties, the prevailing party shall be entitled to recover all reasonable costs incurred, including reasonable attorney's fees, as determined by the court.

15. Termination or Abandonment.

a. LAFCO may terminate this Agreement for any reason or no reason by giving thirty (30) calendar days' written notice of termination. LAFCO shall pay Consultant the reasonable value of services rendered for any portion of the work completed prior to termination. If said termination occurs prior to completion of any task for the Project for which a payment request has not been received, the charge for services performed during such task shall be the reasonable value of such services, based on an amount mutually agreed to by LAFCO and Consultant of the portion of such task completed but not paid prior to said termination. LAFCO shall not be liable for any costs other than the charges or portions thereof which are specified herein. Consultant shall not be entitled to payment for unperformed services and shall not be entitled to damages or compensation for termination of work.

b. Consultant may terminate its obligation to provide further services under this Agreement upon thirty (30) calendar days' written notice to LAFCO only in the event of substantial failure by LAFCO to perform in accordance with the terms of this Agreement through no fault of Consultant.

16. Key Personnel.

Consultant shall assign Richard Berkson as the Principal Consultant. The Principal Consultant shall not be removed from the Project or reassigned without the prior written consent of LAFCO.

17. Notice.

Any notice or instrument required to be given or delivered by this Agreement may be given or delivered by depositing the same in any United States Post Office, certified mail, return receipt requested, postage prepaid, addressed to:

LAFCO:
Carolyn Emery, Executive Officer
OC LAFCO
2677 N. Main Street, Suite 1050
Santa Ana, CA 92705

Consultant:
Richard Berkson, Principal
Berkson Associates
34 Terrace Avenue
San Anselmo, CA 94996

and shall be effective upon receipt thereof.

18. Third Party Rights.

Nothing in this Agreement shall be construed to give any rights or benefits to anyone other than LAFCO and the Consultant.

19. Severability.

The unenforceability, invalidity or illegality of any provision(s) of this Agreement shall not render the other provisions unenforceable, invalid or illegal.

20. Acknowledgment.

Consultant acknowledges that by executing this agreement, they are also, in good faith, determining that the appointment meets each of the requirements set forth in Government Code Section 7522.56, including the unemployment insurance requirement.

IN WITNESS WHEREOF, the parties have executed this Agreement as of the date first written above.

**ORANGE COUNTY LOCAL AGENCY
FORMATION COMMISSION**

BERKSON ASSOCIATES

By: _____
Carolyn Emery, Executive Officer

By: _____
Richard Berkson, Principal

Dated: _____

Dated: _____

Approved as to form:

Scott C. Smith, General Counsel
Orange County Local Agency Formation Commission

Attest:

Cheryl Carter-Benjamin Commission
Clerk

EXHIBIT “A”**SCOPE AND SCHEDULE OF SERVICES****Task 1: Compile past revenues, expenditures, and balance (reserve) data for each agency from financial reports.**

Compile financial documents for each of the 24 agencies being reviewed for the Southwest and West MSR regions. The documents shall include financial audits from FY 2017-18 through FY 2020-21 and adopted budgets for the same period plus FY2021-22 and FY2022-23. Consultant will coordinate the request for financial documents with the MSR consultant, as part of the MSR preparation/survey process.

Deliverable: Data summary in spreadsheet tables for revenue, expenditure, and balance (reserve) information.

Schedule: June 1 – June 31

Task 2: Prepare Fiscal Indicators for each Agency (24 agencies)

Provide key indicators of financial capacity for each item (total revenue, expenditure, and balances over time). These items are primary indicators of the financial conditions of an agency that can point towards and be supplemented by more in-depth analysis by LAFCO.

Deliverable: Brief paragraph synopsis to highlight key findings of indicators that include:

- Revenue changes annually and over time, compared to expenditures
- Expenditure changes annually and over time, compared to long-term inflation
- Reserves vs. expenditures

Schedule: June 15 – July 15

Task 3: Provide spreadsheets with the data and indicators

Develop spreadsheets that include the data compiled and indicators for ongoing use and update by LAFCO for the purpose of identifying and reporting fiscal trends and indicators.

Deliverable: Spreadsheets with data and indicators for LAFCO use only.

Schedule: July 31

EXHIBIT “B”
SCHEDULE OF CHARGES/PAYMENTS

Fee Schedule for
Berkson Associates

The following fee schedule shall apply to work performed under this Agreement:

Name, Title	Hourly Rate
Richard Berkson, Consultant	\$250.00
Data Entry Staff	\$50.00
 Task 1: Compile past Financial data	 \$8,000
Task 2: Prepare Fiscal Indicators (24 agencies)	\$4,000
Task 3: Provide spreadsheets with data and indicators	<u>\$3,000</u>
 Total not to Exceed	 \$15,000

*Charges assume that all meetings are held by conference calls or video conferencing.

Consultant shall bill LAFCO for the actual hours incurred in performing the services required under this Agreement in accordance with the fee schedule set forth in this Exhibit B and subject to the provisions of Section 3 of this Agreement.

EXHIBIT “C” INSURANCE REQUIREMENTS

1. Commercial General Liability

- a. The Consultant shall take out and maintain, during the performance of all work under this Agreement, in amounts not less than specified herein, Commercial General Liability Insurance, in a form and with insurance companies acceptable to LAFCO.
- b. Coverage for Commercial General Liability insurance shall be at least as broad as the following: ISO Commercial General Liability coverage (Occurrence Form CG 0001)
- c. Commercial General Liability Insurance must include coverage for the following:
 - i. Bodily Injury and Property Damage
 - ii. Personal Injury/Advertising Injury
 - iii. Premises/Operations Liability
- d. All such policies shall give LAFCO, its Board, members of the Board, employees, and authorized volunteers insured status using ISO endorsement CG2010, CG2033, or equivalent.
- e. The general liability program may utilize either deductibles or provide coverage excess of a self-insured retention, subject to written approval by LAFCO.

2. Automobile Liability

- a. At all times during the performance of the work under this Agreement the Consultant shall maintain Automobile Liability Insurance for bodily injury and property damage including coverage for owned, non-owned and hired vehicles, in a form and with insurance companies acceptable to LAFCO.
- b. Coverage for Automobile Liability Insurance shall be at least as broad as: ISO Form Number CA 0001 covering automobile liability (Coverage Symbol 1, any auto).
- c. The automobile liability program may utilize deductibles, but not a self-insured retention, subject to written approval by LAFCO.

3. Workers' Compensation/Employer's Liability

- a. Consultant certifies that he/she is aware of the provisions of Section 3700 of the California Labor Code which requires every employer to be insured against liability for

workers' compensation or to undertake self-insurance in accordance with the provisions of that code, and he/she will comply with such provisions before commencing work under this Agreement.

- b. Consultant shall maintain full compensation insurance for all persons employed directly by him/her to carry out the work contemplated under this Agreement, all in accordance with the "Workers' Compensation and Insurance Act," Division IV of the Labor Code of the State of California and any acts amendatory thereof, and Employer's Liability Coverage in amounts indicated herein. Consultant shall require all subconsultants to obtain and maintain, for the period covered by the work under this Agreement, workers' compensation of the same type and limits as specified in this section.
- c. Such insurance shall include an insurer's Waiver of Subrogation in favor of LAFCO and will be in a form and with insurance companies acceptable to LAFCO.

4. Minimum Policy Limits Required

- a. The following insurance limits are required for the Agreement:

	Combined Single Limit
Commercial General Liability	\$1,000,000 per occurrence/\$2,000,000 aggregate for bodily injury, personal injury and property damage
Automobile Liability	\$1,000,000 per occurrence for bodily injury and property damage
Employer's Liability/ Workers' Compensation	\$1,000,000 per occurrence/ Statutory

5. Evidence Required

- a. Prior to execution of the Agreement, the Consultant shall file with LAFCO evidence of insurance from an insurer or insurers certifying to the coverage of all insurance required herein. Such evidence shall include original copies of the ISO CG 2010 (or insurer's equivalent) signed by the insurer's representative and Certificate of Insurance (ACORD Form 25-S or equivalent). All evidence of insurance shall be signed by a properly authorized officer, agent or qualified representative of the insurer and shall certify the names of the insured, any additional insureds, where appropriate, the type and amount of the insurance, the location and operations to which the insurance applies, and the expiration date of such insurance.

6. Required Policy Provisions

- a. Certificates of insurance and policy endorsements shall require 30 days (10 days for non-payment of premium) notice of cancellation to LAFCO. Statements that the carrier “will endeavor” and “that failure to mail such notice shall impose no obligation and liability upon the company, its agents or representatives,” will not be acceptable on certificates. If any of the required coverage expires during the term of this Agreement, the Contractor shall deliver renewal certificate(s) including the General Liability Additional Insured Endorsement to LAFCO at least ten (10) days prior to the expiration date.
- b. The Commercial General Liability policy shall contain a provision stating that Consultant's policy is primary insurance and that any insurance, self-insurance or other coverage maintained by LAFCO or any named insureds shall not be called upon to contribute to any loss.
- c. The retroactive date (if any) of each policy is to be no later than the effective date of this Agreement. Consultant shall maintain such coverage continuously for a period of at least three (3) years after the completion of the work under this Agreement. Consultant shall purchase a one (1) year extended reporting period i) if the retroactive date is advanced past the effective date of this Agreement; ii) if the policy is canceled or not renewed; or iii) if the policy is replaced by another claims-made policy with a retroactive date subsequent to the effective date of this Agreement.

7. Qualifying Insurers

- a. All policies required shall be issued by acceptable insurance companies, as determined by LAFCO, which satisfy the following minimum requirements:
- b. Insurance carriers shall have a current AM Best rating of not less than “A-” policyholder's rating and a financial rating of not less than “Class VII,” unless otherwise approved in advance by LAFCO.

8. Additional Insurance Provisions

- a. The foregoing requirements as to the types and limits of insurance coverage to be maintained by Consultant, and any approval of said insurance by LAFCO, is not intended to and shall not in any manner limit or qualify the liabilities and obligations otherwise assumed by the Consultant pursuant to this Agreement, including but not limited to, the provisions concerning indemnification.
- b. If at any time during the life of the Agreement, the Consultant fails to maintain in full force any insurance required by the Agreement documents LAFCO may terminate the Agreement.

- c. The Consultant shall include all subconsultants as insureds under its policies or shall furnish separate certificates and endorsements for each subconsultant. All coverages for subconsultants shall be subject to all of the requirements stated herein.
- d. LAFCO may require the Consultant to provide complete copies of all insurance policies in effect for the duration of the Project.
- e. Neither LAFCO, its Board, members of the Board, employees, or authorized volunteers shall be personally responsible for any liability arising under or by virtue of the Agreement.

April 13, 2022

8b | Commission
Discussion**REGULAR MEMBERS****CHAIR**
Douglass Davert
Special District Member**VICE CHAIR**
Donald P. Wagner
County Member**IMMEDIATE PAST CHAIR**
Derek J. McGregor
Public Member**Lisa Bartlett**
County Member**Wendy Bucknum**
City Member**James Fisler**
Special District Member**Mike Posey**
City Member**ALTERNATES****Andrew Do**
County Member**Kathryn Freshley**
Special District Member**Peggy Huang**
City Member**Lou Penrose**
Public Member**STAFF****Carolyn Emery**
Executive Officer**Scott Smith**
General Counsel**TO:** Local Agency Formation Commission
of Orange County**FROM:** Executive Officer**SUBJECT:** First Amendment to Professional Services Agreement
with Eide Bailly LLP**BACKGROUND**

On July 8, 2020, the Commission approved a professional services agreement with Eide Bailly LLP (formerly Platinum Consulting Services) to provide independent accountant consulting services. The firm's accountant and other key staff have provided these services to OC LAFCO since June 2016 and the current agreement includes an annual not to exceed amount of \$36,000.

This past February, staff received a request from Eide Bailly for the adjustment to the current billable hourly rates for the firm's staff assigned to OC LAFCO and minor changes to the scope of service to align with the current services provided by Eide Bailly. This is the first adjustment requested by the firm to the billable rates that have remained the same since 2016. If approved by the Commission, the annual total contract amount would be increased to \$42,000, and the amendment would be effective July 1, 2022. The updated scope and proposed billable rates are attached to this report as Exhibits A and B.

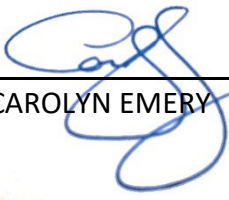
Staff is recommending an amendment to the Eide Bailly professional services agreement to accommodate the increase in the billing rates and minor changes to the scope of services (Attachment 1). All other terms of the agreement, as referenced in Attachment 2 would remain unchanged.

RECOMMENDED ACTION

Staff recommends the Commission:

1. Approve Amendment No. 1 to the professional services agreement with Eide Bailly LLP and authorize the Executive Officer to execute the amendment.

Respectfully submitted,



CAROLYN EMERY

Attachments:

1. First Amendment to Professional Services Agreement between OC LAFCO and Eide Bailly LLP
2. Professional Services Agreement between OC LAFCO and Eide Bailly LLP

ORANGE COUNTY LOCAL AGENCY FORMATION COMMISSION

FIRST AMENDMENT TO
PROFESSIONAL CONSULTANT SERVICES AGREEMENT

1. PARTIES AND DATE.

This First Amendment to Professional Consultant Services Agreement is made and entered into this ____ day of April, 2022 by and between the ORANGE COUNTY LOCAL AGENCY FORMATION COMMISSION, ("**LAFCO**"), a government entity organized and operating pursuant to the Cortese-Knox-Hertzberg Local Government Reorganization Act of 2000 (Cal. Gov. Code §§ 56000 et seq.) and Eide Bailly ("**Consultant**"). LAFCO and Consultant are sometimes individually referred to herein as "**Party**" and collectively as "**Parties**."

2. RECITALS.

2.1 Agreement. The Parties entered into that certain Agreement for Professional Consultant Services dated July 8, 2020 for the provision of certain professional independent accountant consulting services required by the LAFCO ("Agreement").

2.2 First Amendment. The Parties now desire to amend the Agreement in order to expand the Scope of Services, increase the rates of compensation and increase the total amount of compensation under the Agreement.

3. TERMS.

3.1 Scope of Services. Exhibit "A" of the Agreement is hereby amended in its entirety and replaced in the form of Exhibit "A-1" to this First Amendment attached hereto and incorporated herein by reference.

3.2 Compensation. Section 3.3.1 of the Agreement is hereby amended in its entirety to read as follows:

"Consultant shall receive compensation, including authorized reimbursements, for all Services rendered under this Agreement at the rates set forth in Exhibit "B-1" ("Compensation") attached hereto and incorporated herein by reference. The total compensation shall not exceed forty-two thousand dollars (\$42,000.00) in total compensation per fiscal year. Extra Work is not authorized unless authorized by a written amendment to this Agreement executed by both Parties."

3.3 Rates of Compensation. Exhibit "B" of the Agreement is hereby amended in its entirety and replaced in the form of Exhibit "B-1" to this First Amendment attached hereto and incorporated herein by reference.

3.4 Remaining Provisions of Agreement. Except as otherwise specifically set forth in this First Amendment, the remaining provisions of the Agreement shall remain in full force and effect.

**ORANGE COUNTY LOCAL AGENCY
FORMATION COMMISSION**

EIDE BAILLY

By: _____
Carolyn Emery
Executive Officer

By: _____
Cindy Byerrum
Partner

APPROVED AS TO FORM:

By: _____
Scott C. Smith
General Counsel

ATTEST:

By: _____
Cheryl Carter-Benjamin
Commission Clerk

EXHIBIT "A-1"
SCOPE OF SERVICES

The LAFCO Accountant works under the direct supervision of the Executive Officer to perform all bookkeeping activities in addition to the preparation of quarterly financial reports for the Commission and assistance with annual budget and audit preparation.

The LAFCO Accountant shall provide general duties of the Commission's finance manager including, but not limited to the following activities.

1. Perform all bookkeeping activities including but not limited to:
 - a. Entering bills on a weekly or bi-weekly basis
 - b. Entering deposits as received
 - c. Preparing all journal entries needed, including but not limited to, prepaid expenses, payroll, investment and PARS transactions, and GASB 68/75 entries
 - d. Preparing the annual overhead calculation for staff burden rates
 - e. Reconciling the County reports to the accounting and budget on a detail level.
 - f. Preparing the bank account reconciliations
2. Monthly review of agency's financial accounting
3. Monthly reconciliations of bank and cash accounts
4. Monthly or quarterly account reconciliations
5. Preparation of annual 1099 statements for OC LAFCO consultants and vendors
6. Preparation of quarterly budget updates for Commission consideration
7. Budget preparation assistance
8. All audit preparation and coordination with the auditor
9. Review banking fees, wire transfer, and online banking options for fee reductions and administrative improvements.

EXHIBIT "B-1"
COMPENSATION

Consultant shall submit statements for services to LAFCO pursuant to Section 3.3.2 for the life of the Project or termination of this Agreement pursuant to Section 3.5.1 of the Agreement. Statements for services shall itemize charges as they relate to the completion of tasks assigned by LAFCO that fall within the Services defined in Exhibit "A" and listed below. Statements for services shall reflect the hourly rate of the Consultant for the services identified in the table shown below.

Hourly compensation rates are as follows:

Cindy Byerrum, Partner	\$225 per hour
Ian Berg, Senior Manager	\$185 per hour
Scott Nelsen, Manager	\$165 per hour
Senior Associate	\$140 per hour
Staff Accountant	\$115 per hour
Assistant	\$ 95 per hour

In the event that this Agreement is renewed pursuant to Section 3.1.2, the rates set forth above may be increased or reduced each year at the time of renewal, but any increase shall not exceed the Consumer Price Index, All Urban Consumers, Los Angeles-Riverside-Orange.

ORANGE COUNTY LOCAL AGENCY FORMATION COMMISSION
PROFESSIONAL CONSULTANT SERVICES AGREEMENT

1. PARTIES AND DATE.

This Agreement is made and entered into this 8th day of July ("**Effective Date**") by and between the ORANGE COUNTY LOCAL AGENCY FORMATION COMMISSION, ("**LAFCO**"), a government entity organized and operating pursuant to the Cortese-Knox-Hertzberg Local Government Reorganization Act of 2000 (Cal. Gov. Code §§ 56000 et seq.) and Eide Bailly ("**Consultant**"). LAFCO and Consultant are sometimes individually referred to herein as "**Party**" and collectively as "**Parties**."

2. RECITALS.

2.1 Consultant.

Consultant desires to perform and assume responsibility for the provision of certain professional independent accountant consulting services required by the LAFCO on the terms and conditions set forth in this Agreement. Consultant represents that it is experienced in providing professional independent accountant consulting services to public clients, is licensed in the State of California, and is familiar with the plans of LAFCO.

2.2 Project.

LAFCO desires to engage Consultant to render such professional independent accountant consulting services ("**Services**") in support of LAFCO's finance, accounting, budgeting and bookkeeping requirements ("**Project**") as set forth in this Agreement.

3. TERMS.

3.1 Scope of Services and Term.

3.1.1 General Scope of Services. Consultant promises and agrees to furnish to the LAFCO all labor, materials, tools, equipment, services, and incidental and customary work necessary to fully and adequately provide the Services. The Services are more particularly described in Exhibit "A" ("**Scope of Work**") attached hereto and incorporated herein by reference. All Services shall be subject to, and performed in accordance with, this Agreement, the exhibits attached hereto and incorporated herein by reference, and all applicable local, state and federal laws, rules and regulations.

3.1.2 Term. The term of this Agreement shall be for a period of one (1) year commencing on the Effective Date above and shall renew annually without further action or notification by the Parties on a year-to-year basis, until terminated in accordance with the procedures outlined in Section 3.5.1 of this agreement. Consultant shall perform its services hereunder in a prompt and timely manner and shall commence performance upon the execution of this Agreement.

3.2 Responsibilities of Consultant.

3.2.1 Independent Contractor; Control and Payment of Subordinates. The Services shall be performed by Consultant or under its supervision. Consultant will determine the means, methods and details of performing the Services subject to the requirements of this Agreement. LAFCO retains Consultant on an independent contractor basis and not as an employee. Consultant retains the right to perform similar or different services for others during the term of this Agreement. Any additional personnel performing the Services under this Agreement on behalf of Consultant shall also not be employees of LAFCO and shall at all times be under Consultant's exclusive direction and control. Neither LAFCO, nor any of its officials, officers, directors, employees or agents shall have control over the conduct of Consultant or any of Consultant's officers, employees, or agents, except as set forth in this Agreement. Consultant shall pay all wages, salaries, and other amounts due such personnel in connection with their performance of Services under this Agreement and as required by law. Consultant shall be responsible for all reports and obligations respecting such additional personnel, including, but not limited to: social security taxes, income tax withholding, unemployment insurance, disability insurance, and workers' compensation insurance.

3.2.2 Schedule of Services. Consultant shall perform the Services expeditiously, within the term of this Agreement, and in accordance with the Schedule of Services set forth in Exhibit "A" attached hereto and incorporated herein by reference. Consultant represents that it has the professional and technical personnel required to perform the Services in conformance with such conditions. In order to facilitate Consultant's conformance with the Schedule, LAFCO shall respond to Consultant's submittals in a timely manner. Upon request of LAFCO, Consultant shall provide a more detailed schedule of anticipated performance to meet the Schedule of Services.

3.2.3 Conformance to Applicable Requirements. All work prepared by Consultant shall be subject to the approval of LAFCO.

3.2.4 Substitution of Key Personnel. Consultant has represented to LAFCO that certain key personnel will perform and coordinate the Services under this Agreement. Should one or more of such personnel become unavailable, Consultant may substitute other personnel of at least equal competence upon written approval of LAFCO. In the event that LAFCO and Consultant cannot agree as to the substitution of key personnel, LAFCO shall be entitled to terminate this Agreement for cause. As discussed below, any personnel who fail or refuse to perform the Services in a manner acceptable to the LAFCO, or who are determined by the LAFCO to be uncooperative, incompetent, a threat to the adequate or timely completion of the Project or a threat to the safety of persons or property, shall be promptly removed from the Project by the Consultant at the request of the LAFCO. The key personnel for performance of this Agreement are as follows: **Cindy Byerrum, Partner.**

3.2.5 LAFCO's Representative. The LAFCO hereby designates **Carolyn Emery, Executive Officer**, or her designee, to act as its representative in all matters pertaining to the administration and performance of this Agreement ("LAFCO's Representative"). LAFCO's Representative shall have the power to act on behalf of the LAFCO for review and approval of all products submitted by Consultant but not the authority to enlarge the Scope of Work or change the total compensation due to Consultant under this Agreement. The LAFCO Representative shall be authorized to act on LAFCO's behalf and to execute all necessary documents which enlarge the Scope of Work or change the

Consultant's total compensation subject to the provisions contained in Section 3.3 of this Agreement. Consultant shall not accept direction or orders from any person other than the LAFCO Representative, LAFCO's Representative or his/her designee.

3.2.6 Consultant's Representative. Consultant hereby designates Cindy Byerrum, Managing Principal, or her designee, to act as its representative for the performance of this Agreement ("**Consultant's Representative**"). Consultant's Representative shall have full authority to represent and act on behalf of the Consultant for all purposes under this Agreement. . The Consultant's Representative shall supervise and direct the Services, using his or her best skill and attention, and shall be responsible for all means, methods, techniques, sequences, and procedures and for the satisfactory coordination of all portions of the Services under this Agreement.

3.2.7 Coordination of Services. Consultant agrees to work closely with LAFCO staff in the performance of Services and shall be available to LAFCO's staff, consultants and other staff at all reasonable times.

3.2.8 Standard of Care; Performance of Employees. Consultant shall perform all Services under this Agreement in a skillful and competent manner, consistent with the standards generally recognized as being employed by professionals in the same discipline in the State of California. Consultant represents and maintains that it is skilled in the professional calling necessary to perform the Services. Consultant warrants that all employees and subconsultants shall have sufficient skill and experience to perform the Services assigned to them. Finally, Consultant represents that it, its employees and subconsultants have all licenses, permits, qualifications and approvals of whatever nature that are legally required to perform the Services, and that such licenses and approvals shall be maintained throughout the term of this Agreement. As provided for in the indemnification provisions of this Agreement, Consultant shall perform, at its own cost and expense and without reimbursement from the LAFCO, any services necessary to correct errors or omissions which are caused by the Consultant's failure to comply with the standard of care provided for herein. Any employee of the Consultant or its sub-consultants who is determined by the LAFCO to be uncooperative, incompetent, a threat to the adequate or timely completion of the Project, a threat to the safety of persons or property, or any employee who fails or refuses to perform the Services in a manner acceptable to the LAFCO, shall be promptly removed from the Project by the Consultant and shall not be re-employed to perform any of the Services or to work on the Project.

3.2.9 Laws and Regulations. Consultant shall keep itself fully informed of and in compliance with all local, state and federal laws, rules and regulations in any manner affecting the performance of the Project or the Services, including all Cal/OSHA requirements, and shall give all notices required by law. Consultant shall be liable for all violations of such laws and regulations in connection with Services. If Consultant performs any work knowing it to be contrary to such laws, rules and regulations, Consultant shall be solely responsible for all costs arising therefrom. Consultant shall defend, indemnify and hold LAFCO, its officials, directors, officers, employees, agents, and volunteers free and harmless, pursuant to the indemnification provisions of this Agreement, from any claim or liability arising out of any failure or alleged failure to comply with such laws, rules or regulations.

3.2.10 Insurance. Consultant agrees to procure and maintain, at Consultant's expense all insurance specified in Exhibit "C" attached hereto and by this reference

incorporated herein. Consultant shall require all subconsultants to carry the same policies and limits of insurance that the Consultant is required to maintain, unless otherwise approved in writing by the LAFCO.

3.3 Fees and Payments.

3.3.1 Compensation. Consultant shall receive compensation, including authorized reimbursements, for all Services rendered under this Agreement at the rates set forth in Exhibit "B" ("**Compensation**") attached hereto and incorporated herein by reference. The total compensation shall not exceed **thirty-six thousand dollars (\$36,000.00)** in total compensation per fiscal year. Extra Work is not authorized unless authorized by a written amendment to this Agreement executed by both Parties.

3.3.2 Payment of Compensation. Consultant shall submit to LAFCO a monthly statement for services which indicates work completed and hours of Services rendered by Consultant. The invoice shall describe the amount of Services provided since the initial commencement date, or since the start of the subsequent billing periods, as appropriate, through the date of the invoice. LAFCO shall, within 45 days of receiving such invoice, review the invoice and pay all non-disputed and approved charges thereon. If the LAFCO disputes any of Consultant's fees, the LAFCO shall give written notice to Consultant within thirty (30) days of receipt of an invoice of any disputed fees set forth therein.

3.3.3 Reimbursement for Expenses. Consultant shall not be reimbursed for any expenses unless authorized in writing by LAFCO or included in Exhibit "A" of this Agreement.

3.3.4 Rate Increases. In the event that this Agreement is renewed pursuant to Section 3.1.2, the rate set forth in Exhibit "B" may be adjusted each year at the time of renewal as set forth in Exhibit "B."

3.3.5 Extra Work. If LAFCO requests that Consultant perform work which is determined by LAFCO to be necessary for the proper completion of the Project, but which the Parties did not reasonably anticipate would be necessary at the execution of this Agreement ("**Extra Work**"). , the Parties shall execute an amendment to this Agreement before performance of such services. LAFCO shall not be liable for work performed beyond the Scope of Work nor work in excess of the maximum annual compensation specified in Section 3.3.1 of this Agreement. Such amendment shall not render ineffective or invalidate unaffected portions of this Agreement.

3.4 Accounting Records.

3.4.1 Maintenance and Inspection. Consultant shall maintain complete and accurate records with respect to all costs and expenses incurred under this Agreement. All such records shall be clearly identifiable. Consultant shall allow a representative of LAFCO during normal business hours to examine, audit, and make transcripts or copies of such records and any other documents created pursuant to this Agreement. Consultant shall allow inspection of all work, data, documents, proceedings, and activities related to the Agreement for a period of three (3) years from the date of final payment under this Agreement.

3.5 General Provisions.

3.5.1 Termination of Agreement.

3.5.1.1 Grounds for Termination. LAFCO may, by written notice to Consultant, terminate the whole or any part of this Agreement at any time and without cause by giving written notice to Consultant of such termination, and specifying the effective date thereof, at least seven (7) days before the effective date of such termination. Upon termination, Consultant shall be compensated only for those services which have been adequately rendered to LAFCO, and Consultant shall be entitled to no further compensation. Consultant may not terminate this Agreement except for cause.

3.5.1.2 Effect of Termination. If this Agreement is terminated as provided herein, LAFCO may require Consultant to provide all finished or unfinished Documents and Data and other information of any kind prepared by Consultant in connection with the performance of Services under this Agreement. Consultant shall be required to provide such document and other information within fifteen (15) days of the request.

3.5.1.3 Additional Services. In the event this Agreement is terminated in whole or in part as provided herein, LAFCO may procure, upon such terms and in such manner as it may determine appropriate, services similar to those terminated.

3.5.2 Delivery of Notices. All notices permitted or required under this Agreement shall be given to the respective parties at the following address, or at such other address as the respective parties may provide in writing for this purpose:

Consultant: Eide Bailly
10681 Foothill Blvd #300
Rancho Cucamonga, CA 91730
ATTN: **Cindy Byerrum, Partner**

LAFCO: Orange County Local Agency Formation
Commission
12 Civic Center Plaza, Rm. 235
Santa Ana, CA 92701
ATTN: **Carolyn Emery, Executive Officer**

Such notice shall be deemed made when personally delivered or when mailed, forty-eight (48) hours after deposit in the U.S. Mail, first class postage prepaid and addressed to the party at its applicable address. Actual notice shall be deemed adequate notice on the date actual notice occurred, regardless of the method of service.

3.5.3 Ownership of Materials and Confidentiality.

3.5.3.1 Documents & Data; Licensing of Intellectual Property. This Agreement creates a non-exclusive and perpetual license for LAFCO to copy, use, modify, reuse, or sublicense any and all copyrights, designs, and other intellectual property embodied in plans, specifications, studies, drawings, estimates, and other documents or works of authorship fixed in any tangible medium of expression, including but not limited to, physical drawings or data magnetically or otherwise recorded on computer diskettes, which are

prepared or caused to be prepared by Consultant under this Agreement ("Documents & Data"). Consultant shall require all subconsultants to agree in writing that LAFCO is granted a non-exclusive and perpetual license for any Documents & Data the subconsultant prepares under this Agreement. Consultant represents and warrants that Consultant has the legal right to license any and all Documents & Data. Consultant makes no such representation and warranty in regard to Documents & Data which were prepared by design professionals other than Consultant or provided to Consultant by the LAFCO. LAFCO shall not be limited in any way in its use of the Documents & Data at any time, provided that any such use not within the purposes intended by this Agreement shall be at LAFCO's sole risk.

3.5.3.2 Confidentiality. All ideas, memoranda, specifications, plans, procedures, drawings, descriptions, computer program data, input record data, written information, and other Documents & Data either created by or provided to Consultant in connection with the performance of this Agreement shall be held confidential by Consultant. Such materials shall not, without the prior written consent of LAFCO, be used by Consultant for any purposes other than the performance of the Services. Nor shall such materials be disclosed to any person or entity not connected with the performance of the Services or the Project. Nothing furnished to Consultant which is otherwise known to Consultant or is generally known, or has become known, to the related industry shall be deemed confidential. Consultant shall not use LAFCO's name or insignia, photographs of the Project, or any publicity pertaining to the Services or the Project in any magazine, trade paper, newspaper, television or radio production or other similar medium without the prior written consent of LAFCO.

3.5.3.3 Confidential Information. The LAFCO shall refrain from releasing Consultant's proprietary information ("Proprietary Information") unless the LAFCO's legal counsel determines that the release of the Proprietary Information is required by the California Public Records Act or other applicable state or federal law, or order of a court of competent jurisdiction, in which case the LAFCO shall notify Consultant of its intention to release Proprietary Information. Consultant shall have five (5) working days after receipt of the Release Notice to give LAFCO written notice of Consultant's objection to the LAFCO's release of Proprietary Information. Consultant shall indemnify, defend and hold harmless the LAFCO, and its officers, directors, employees, and agents from and against all liability, loss, cost or expense (including attorney's fees) arising out of a legal action brought to compel the release of Proprietary Information. LAFCO shall not release the Proprietary Information after receipt of the Objection Notice unless either: (1) Consultant fails to fully indemnify, defend (with LAFCO's choice of legal counsel), and hold LAFCO harmless from any legal action brought to compel such release; and/or (2) a final and non-appealable order by a court of competent jurisdiction requires that LAFCO release such information.

3.5.4 Cooperation; Further Acts. The Parties shall fully cooperate with one another and shall take any additional acts or sign any additional documents as may be necessary, appropriate or convenient to attain the purposes of this Agreement.

3.5.5 Attorney's Fees. In any action or proceeding to enforce or interpret any provision of this Contract, each party shall bear their own attorney's fees, costs and expenses.

3.5.6 Scope of Indemnity. Consultant agrees to protect, save, defend and hold harmless LAFCO, its Board, and each member thereof, its employees and authorized volunteers, from any and all claims, liabilities, expenses or damages of any nature, including

attorneys' fees, for injury or death of any person, or damage to property, or interference with use of property, arising out of or in any way connected with the negligent acts, errors or omissions or willful misconduct by Consultant, Consultant's agents, officers, employees, subconsultants, or independent consultants hired by Consultant under this Agreement. The only exception to Consultant's responsibility to protect, save, defend and hold harmless LAFCO, is due to the sole negligence, willful misconduct or active negligence of LAFCO. This hold harmless Agreement shall apply to all liability regardless of whether any insurance policies are applicable. The policy limits do not act as a limitation upon the amount of indemnification to be provided by Consultant.

3.5.7 Entire Agreement. This Agreement contains the entire Agreement of the parties with respect to the subject matter hereof, and supersedes all prior negotiations, understandings or agreements. This Agreement may only be modified by a writing signed by both parties.

3.5.8 Governing Law. This Agreement shall be governed by the laws of the State of California. Venue shall be in Orange County.

3.5.9 Time of Essence. Time is of the essence for each and every provision of this Agreement.

3.5.10 LAFCO's Right to Employ Other Consultants. LAFCO reserves right to employ other consultants in connection with this Project.

3.5.11 Successors and Assigns. This Agreement shall be binding on the successors and assigns of the parties.

3.5.12 Assignment or Transfer. Consultant shall not assign, hypothecate, or transfer, either directly or by operation of law, this Agreement or any interest herein without the prior written consent of the LAFCO. Any attempt to do so shall be null and void, and any assignees, hypothecates or transferees shall acquire no right or interest by reason of such attempted assignment, hypothecation or transfer.

3.5.13 Construction; References; Captions. Since the Parties or their agents have participated fully in the preparation of this Agreement, the language of this Agreement shall be construed simply, according to its fair meaning, and not strictly for or against any Party. Any term referencing time, days or period for performance shall be deemed calendar days and not workdays. All references to Consultant include all personnel, employees, agents, and subconsultants of Consultant, except as otherwise specified in this Agreement. All references to LAFCO include its elected officials, officers, employees, agents, and volunteers except as otherwise specified in this Agreement. The captions of the various articles and paragraphs are for convenience and ease of reference only, and do not define, limit, augment, or describe the scope, content, or intent of this Agreement.

3.5.14 Amendment; Modification. No supplement, modification, or amendment of this Agreement shall be binding unless executed in writing and signed by both Parties.

3.5.15 Waiver. No waiver of any default shall constitute a waiver of any other default or breach, whether of the same or other covenant or condition. No waiver, benefit,

privilege, or service voluntarily given or performed by a Party shall give the other Party any contractual rights by custom, estoppel, or otherwise.

3.5.16 No Third-Party Beneficiaries. There are no intended third party beneficiaries of any right or obligation assumed by the Parties.

3.5.17 Invalidity; Severability. If any portion of this Agreement is declared invalid, illegal, or otherwise unenforceable by a court of competent jurisdiction, the remaining provisions shall continue in full force and effect.

3.5.18 Prohibited Interests. Consultant maintains and warrants that it has not employed nor retained any company or person, other than a bona fide employee working solely for Consultant, to solicit or secure this Agreement. Further, Consultant warrants that it has not paid nor has it agreed to pay any company or person, other than a bona fide employee working solely for Consultant, any fee, commission, percentage, brokerage fee, gift or other consideration contingent upon or resulting from the award or making of this Agreement. For breach or violation of this warranty, LAFCO shall have the right to rescind this Agreement without liability. For the term of this Agreement, no member, officer or employee of LAFCO, during the term of his or her service with LAFCO, shall have any direct interest in this Agreement, or obtain any present or anticipated material benefit arising therefrom.

3.5.19 Equal Opportunity Employment. Consultant represents that it is an equal opportunity employer and it shall not discriminate against any subconsultant, employee or applicant for employment because of race, religion, color, national origin, handicap, ancestry, sex or age. Such non-discrimination shall include, but not be limited to, all activities related to initial employment, upgrading, demotion, transfer, recruitment or recruitment advertising, layoff or termination. Consultant shall also comply with all relevant provisions of LAFCO's Minority Business Enterprise program, Affirmative Action Plan or other related programs or guidelines currently in effect or hereinafter enacted.

3.5.20 Labor Certification. By its signature hereunder, Consultant certifies that it is aware of the provisions of Section 3700 of the California Labor Code which require every employer to be insured against liability for Worker's Compensation or to undertake self-insurance in accordance with the provisions of that Code, and agrees to comply with such provisions before commencing the performance of the Services.

3.5.21 Authority to Enter Agreement. Consultant has all requisite power and authority to conduct its business and to execute, deliver, and perform the Agreement. Each Party warrants that the individuals who have signed this Agreement have the legal power, right, and authority to make this Agreement and bind each respective Party.

3.5.22 Counterparts. This Agreement may be signed in counterparts, each of which shall constitute an original.

3.6 Subcontracting.

3.6.1 Prior Approval Required. Consultant shall not subcontract any portion of the work required by this Agreement, except as expressly stated herein, without prior written approval of LAFCO. Subcontracts, if any, shall contain a provision making them subject to all provisions stipulated in this Agreement.

SIGNATURE PAGE

ORANGE COUNTY LOCAL AGENCY
FORMATION COMMISSION

By: 
Carolyn Emery
Executive Officer

EIDE BAILLY

By: 
Cindy Byerum
Partner

ATTEST:

By: 
Cheryl Carter-Benjamin
Commission Clerk

APPROVED AS TO FORM:

By: 
Scott C. Smith
General Counsel

EXHIBIT "A"
SCOPE OF SERVICES

The LAFCO Accountant works under the direct supervision of the Executive Officer to perform all bookkeeping activities in addition to the preparation of quarterly financial reports for the Commission and assistance with annual budget and audit preparation.

The LAFCO Accountant shall provide general duties of the Commission's finance manager including, but not limited to the following activities.

1. Perform all bookkeeping activities including but not limited to:
 - a. Entering bills on a weekly or bi-weekly basis
 - b. Entering deposits as received
 - c. Preparing all journal entries needed, including but not limited to, prepaid expenses, payroll, investment transactions, and GASB 68/71 entries
 - d. Preparing the annual overhead calculation for staff burden rates
 - e. Reconciling the County reports to the accounting and budget on a detail level.
 - f. Preparing the bank account reconciliations by PCG staff with final review by Cindy Byerrum
 - g. Working with LAFCO staff on one-time effort to create a new accounting financial file.
2. Monthly review of agency's financial accounting
3. Monthly reconciliations of bank and cash accounts
4. Monthly or quarterly account reconciliations
5. Preparation of annual 1099 statements for LAFCO consultants and vendors
6. Preparation of quarterly budget updates for Commission consideration
7. Budget preparation assistance
8. All audit preparation and coordination with the auditor
9. Review banking fees, wire transfer, and online banking options for fee reductions and administrative improvements.

EXHIBIT "B"
COMPENSATION

Consultant shall submit statements for services to LAFCO pursuant to Section 3.3.2 for the life of the Project or termination of this Agreement pursuant to Section 3.5.1 of the Agreement. Statements for services shall itemize charges as they relate to the completion of tasks assigned by LAFCO that fall within the Services defined in Exhibit "A" and listed below. Statements for services shall reflect the hourly rate of the Consultant for the services identified in the table shown below in this Exhibit "B."

Hourly compensation rates are as follows:

Cindy Byerrum, Partner	\$165 per hour
Ian Berg, Senior Associate	\$ 90 per hour
Scott Nelsen, or other Junior Staff	\$ 70 per hour

In the event that this Agreement is renewed pursuant to Section 3.1.2, the rates set forth above may be increased or reduced each year at the time of renewal, but any increase shall not exceed the Consumer Price Index, All Urban Consumers, Los Angeles-Riverside-Orange.

EXHIBIT "C"

INSURANCE REQUIREMENTS

3.7 Insurance

3.7.1 Time for Compliance. Consultant shall not commence work under this Agreement until it has provided evidence satisfactory to the LAFCO that it has secured all insurance required under this section. In addition, Consultant shall not allow any subconsultant to commence work on any subcontract until it has provided evidence satisfactory to the LAFCO that the subconsultant has secured all insurance required under this section.

3.7.2 Types of Insurance Required. As a condition precedent to the effectiveness of this Agreement for work to be performed hereunder, and without limiting the indemnity provisions of the Agreement, the Consultant, in partial performance of its obligations under such Agreement, shall procure and maintain in full force and effect during the term of the Agreement the following policies of insurance. If the existing policies do not meet the insurance requirements set forth herein, Consultant agrees to amend, supplement or endorse the policies to do so.

(A) **Commercial General Liability:** Commercial General Liability Insurance which affords coverage at least as broad as Insurance Services Office "occurrence" form CG 0001, or the exact equivalent, with limits of not less than \$1,000,000 per occurrence and no less than \$2,000,000 in the general aggregate. Defense costs shall be paid in addition to the limits. The policy shall contain no endorsements or provisions (1) limiting coverage for contractual liability; (2) excluding coverage for claims or suits by one insured against another (cross-liability); or (3) containing any other exclusion(s) contrary to the terms or purposes of this Agreement.

(B) **Automobile Liability Insurance:** Automobile Liability Insurance with coverage at least as broad as Insurance Services Office Form CA 0001 covering "Any Auto" (Code 1), or if Consultant has no owned autos, "Hired Auto" (Code 8) and "Non-Owned Auto" (Code 9), or the exact equivalent, covering bodily injury and property damage for all activities with limits of not less than \$1,000,000 combined limit for each occurrence. *****NOTE: If Consultant does not own any company vehicles or may not be able to purchase a Business Automobile Insurance Policy, the requirement may be satisfied by providing either of the following:** (1) a Personal Automobile Liability policy for the Consultant's own vehicle stipulating "Automobile Liability Insurance with a limit of not less than \$1,000,000 each accident"; or (2) a non-owned auto endorsement to the Commercial General Liability policy if Consultant uses vehicles of others (e.g., vehicles of employees)

(C) **Workers' Compensation/Employer's Liability:** Workers' Compensation Insurance, as required by the State of California and Employer's Liability Insurance with a limit of not less than \$1,000,000 per accident for bodily injury and disease. If Consultant has no employees or agents, Consultant shall not be required to maintain Workers' Compensation Insurance. However, in the event that Consultant hires employees or agents during the term of this Agreement, Consultant shall obtain and maintain Workers' Compensation/Employer's Liability Insurance in accordance with this Section.

(D) Professional Liability (Errors & Omissions): Professional Liability insurance or Errors & Omissions insurance appropriate to Consultant's profession with limits of not less than \$1,000,000. Covered professional services shall specifically include all work to be performed under the Agreement and delete any exclusions that may potentially affect the work to be performed (for example, any exclusions relating to lead, asbestos, pollution, testing, underground storage tanks, laboratory analysis, soil work, etc.). If coverage is written on a claims-made basis, the retroactive date shall precede the effective date of the initial Agreement and continuous coverage will be maintained or an extended reporting period will be exercised for a period of at least three (3) years from termination or expiration of this Agreement.

3.7.3 Insurance Endorsements. Required insurance policies shall contain the following provisions, or Consultant shall provide endorsements on forms approved by the LAFCO to add the following provisions to the insurance policies:

(A) Commercial General Liability

(1) Additional Insured: The LAFCO, its officials, officers, employees, agents, and volunteers shall be additional insureds with regard to liability and defense of suits or claims arising out of the performance of the Agreement. Additional Insured Endorsements shall not (1) be restricted to "ongoing operations"; (2) exclude "contractual liability"; (3) restrict coverage to "sole" liability of Consultant; or (4) contain any other exclusions contrary to the terms or purposes of this Agreement. For all policies of Commercial General Liability insurance, Consultant shall provide endorsements in the form of ISO CG 20 10 10 01 and 20 37 10 01 (or endorsements providing the exact same coverage) to effectuate this requirement.

(2) Cancellation: Required insurance policies shall not be canceled or the coverage reduced until a thirty (30) day written notice of cancellation has been served upon the LAFCO except ten (10) days shall be allowed for non-payment of premium.

(B) Automobile Liability:

(1) Cancellation: Required insurance policies shall not be canceled or the coverage reduced until a thirty (30) day written notice of cancellation has been served upon the LAFCO except ten (10) days shall be allowed for non-payment of premium.

(C) Professional Liability (Errors & Omissions):

(1) Cancellation: Required insurance policies shall not be canceled or the coverage reduced until a thirty (30) day written notice of cancellation has been served upon the

LAFCO except ten (10) days shall be allowed for non-payment of premium.

- (2) Contractual Liability Exclusion Deleted: This insurance shall include contractual liability applicable to this Agreement. The policy must “pay on behalf of” the insured and include a provision establishing the insurer’s duty to defend.

(D) Workers' Compensation:

- (1) Cancellation: Required insurance policies shall not be canceled or the coverage reduced until a thirty (30) day written notice of cancellation has been served upon the LAFCO except ten (10) days shall be allowed for non-payment of premium.
- (2) Waiver of Subrogation: A waiver of subrogation stating that the insurer waives all rights of subrogation against the LAFCO, its officials, officers, employees, agents, and volunteers.

3.7.4 Primary and Non-Contributing Insurance. All policies of Commercial General Liability and Automobile Liability insurance shall be primary and any other insurance, deductible, or self-insurance maintained by the LAFCO, its officials, officers, employees, agents, or volunteers shall not contribute with this primary insurance. Policies shall contain or be endorsed to contain such provisions.

3.7.5 Waiver of Subrogation. All policies of Commercial General Liability and Automobile Liability insurance shall contain or be endorsed to waive subrogation against the LAFCO, its officials, officers, employees, agents, and volunteers or shall specifically allow Consultant or others providing insurance evidence in compliance with these specifications to waive their right of recovery prior to a loss. Consultant hereby grants to LAFCO a waiver of any right to subrogation which any insurer of said Consultant may acquire against the LAFCO by virtue of the payment of any loss under such insurance. Consultant agrees to obtain any endorsement that may be necessary to effect this waiver of subrogation, but this provision applies regardless of whether or not the LAFCO has received a waiver of subrogation endorsement from the insurer. Consultant shall require similar written express waivers and insurance clauses from each of its subconsultants.

3.7.6 Deductibles and Self-Insured Retentions. Any deductible or self-insured retention must be approved in writing by the LAFCO and shall protect the LAFCO, its officials, officers, employees, agents, and volunteers in the same manner and to the same extent as they would have been protected had the policy or policies not contained a deductible or self-insured retention.

3.7.7 Evidence of Insurance. The Consultant, concurrently with the execution of the Agreement, and as a condition precedent to the effectiveness thereof, shall deliver either certified copies of the required policies, or original certificates on forms approved by the LAFCO, together with all endorsements affecting each policy. Required insurance policies shall not be in compliance if they include any limiting provision or endorsement that has not

been submitted to the LAFCO for approval. The certificates and endorsements for each insurance policy shall be signed by a person authorized by that insurer to bind coverage on its behalf. At least fifteen (15 days) prior to the expiration of any such policy, evidence of insurance showing that such insurance coverage has been renewed or extended shall be filed with the LAFCO. If such coverage is cancelled or reduced and not replaced immediately so as to avoid a lapse in the required coverage, Consultant shall, within ten (10) days after receipt of written notice of such cancellation or reduction of coverage, file with the LAFCO evidence of insurance showing that the required insurance has been reinstated or has been provided through another insurance company or companies.

3.7.8 Failure to Maintain Coverage. In the event any policy of insurance required under this Agreement does not comply with these specifications or is canceled and not replaced immediately so as to avoid a lapse in the required coverage, LAFCO has the right but not the duty to obtain the insurance it deems necessary and any premium paid by LAFCO will be promptly reimbursed by Consultant or LAFCO will withhold amounts sufficient to pay premium from Consultant payments. In the alternative, LAFCO may cancel this Agreement effective upon notice.

3.7.9 Acceptability of Insurers. Each such policy shall be from a company or companies with a current A.M. Best's rating of no less than A:VII and authorized to transact business of insurance in the State of California, or otherwise allowed to place insurance through surplus line brokers under applicable provisions of the California Insurance Code or any federal law.

3.7.10 Enforcement of Agreement Provisions (non estoppel). Consultant acknowledges and agrees that actual or alleged failure on the part of the LAFCO to inform Consultant of non-compliance with any requirement imposes no additional obligation on the LAFCO nor does it waive any rights hereunder.

3.7.11 Requirements Not Limiting. Requirement of specific coverage or minimum limits contained in this Appendix are not intended as a limitation on coverage, limits, or other requirement, or a waiver of any coverage normally provided by any insurance. If the Consultant maintains higher limits than the minimums contained herein, the LAFCO requires and shall be entitled to coverage for the higher limits maintained by the Consultant. Any available insurance proceeds in excess of the specified minimum limits of insurance and coverage shall be available to the LAFCO.

3.7.12 Claims Made Policies. If any of the required policies provide coverage on a claims-made basis:

(A) The Retroactive Date must be shown and must be before the effective date of the Agreement or the beginning of work under this Agreement.

(B) Such insurance must be maintained and evidence of insurance must be provided for at least five (5) years after completion of all services under this Agreement.

(C) If coverage is canceled or non-renewed, and not replaced with another claims-made policy form with a Retroactive Date prior to the effective date of the Agreement, the Consultant must purchase "extended reporting" coverage for a minimum of five (5) years after completion of all services under this Agreement

(D) Special Risks or Circumstances. LAFCO reserves the right to modify these requirements, including limits, based on the nature of the risk, prior experience, insurer, coverage, or other special circumstances.

3.7.13 Insurance for Subconsultants. Consultant shall include all subconsultants engaged in any work for Consultant relating to this Agreement as additional insureds under the Consultant's policies, or the Consultant shall be responsible for causing subconsultants to purchase the appropriate insurance in compliance with the terms of these Insurance Requirements, including adding the LAFCO, its officials, officers, employees, agents, and volunteers as additional insureds to the subconsultant's policies. All policies of Commercial General Liability insurance provided by Consultant's subconsultants performing work relating to this Agreement shall be endorsed to name the LAFCO, its officials, officers, employees, agents and volunteers as additional insureds using endorsement form ISO CG 20 38 04 13 or an endorsement providing equivalent coverage. Consultant shall not allow any subconsultant to commence work on any subcontract relating to this Agreement until it has provided LAFCO with satisfactory evidence of subconsultant's compliance with all insurance requirements under this Agreement.

April 13, 2022

8c | Commission
Discussion**REGULAR MEMBERS****CHAIR**
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County Member**IMMEDIATE PAST CHAIR**
Derek J. McGregor
Public Member**Lisa Bartlett**
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City Member**James Fisler**
Special District Member**Mike Posey**
City Member**ALTERNATES****Andrew Do**
County Member**Kathryn Freshley**
Special District Member**Peggy Huang**
City Member**Lou Penrose**
Public Member**STAFF****Carolyn Emery**
Executive Officer**Scott Smith**
General Counsel**TO:** Local Agency Formation Commission
of Orange County**FROM:** Executive Officer
Policy Analyst**SUBJECT:** Legislative Quarterly Report (Third Quarter)**BACKGROUND**

As anticipated, since the second quarter legislative report in January, the Legislature has seen the introduction of over 2,000 bills. Many of those are expected to be amended to define their purpose and focus, while other bills continue to move through the legislative committees. The Legislature has adjourned to Spring Recess and will reconvene in session on April 18 with lots to get done in the coming months.

Through the participation as a member of the California Association of LAFCOs (CALAFCO) Legislative Committee, staff has identified several bills of LAFCO-interest. This report provides a review of newly proposed legislation with staff recommended positions and an update on Senate Bill 938. Additionally, staff is actively monitoring other areas of proposed legislation that include public meeting teleconference proceedings, establishing regional climate networks, and potential reinstatement of state funding for the annexation of inhabited unincorporated areas. Staff will provide updates on the progression of these bills in future legislative reports.

BILLS OF LAFCO INTEREST**ASSEMBLY BILLS****AB 2081 (Garcia) Municipal Water Districts: Water Service: Indian Lands**

Existing law delineates that some Indian tribes that are contiguous and outside of a special district's service boundary can request water services, and the special district is mandated to provide the services. The law requires the special district to apply to the respective LAFCO and that LAFCO must approve the request for the special district to provide the water services. Currently, the law has a sunset date of January 1, 2023. The intent of AB 2081, as referenced in **Attachment 1**, is to extend the sunset date from January 1, 2023 to January 1, 2025.

The Cortese-Knox-Hertzberg Local Government Reorganization Act of 2000 (CKH Act) delineates that LAFCOs have the authority to oversee the extension of service outside the jurisdiction of a public agency service provider. Therefore, when a service provider normally seeks an extension of service for an area outside its boundary, the CKH Act requires a complete analysis to ensure the efficiency of the extension of service. Additionally, the CKH Act requires that an extension of service outside an agency's service boundary must provide for the anticipation of a change of organization or reorganization (i.e., annexation). Current law and the language provided in AB 2081 circumvent the LAFCO process. Staff recommends that the Commission adopt an **Oppose** position to the proposed bill. The recommended position aligns with the Commission's legislative policy to oppose legislation that circumvents and diminishes LAFCO's proceedings and authority. On March 11, 2022, CALAFCO adopted an **Oppose** position and has notified the bill authors of the Association's position.

RECOMMENDED ACTION: Adopt **OPPOSE** position on AB 2081.

Support: Barona Band of Mission Indians (Sponsor), Rincon Band of Luiseno (Sponsor), Agua Caliente Band of Cahuilla Indians, Habematolel Pomo of Upper Lake, Sycuan Band of Kumeyaay Nation, Viejas Band of Kumeyaay Indians.

Oppose: CALAFCO.

BILL LOCATION/STATUS: Assembly Appropriations Committee. No hearing date scheduled.

AB 2957 (Assembly Local Government Committee): Reorganization

The Omnibus Bill is the annual vehicle used by CALAFCO to introduce technical and non-substantive amendments to the CKH Act that address minor inconsistencies and provide clarification to remove any ambiguity in the law. At the January 12, 2022, meeting, the Commission received a summary of the proposed amendments for the Omnibus Bill. Those amendments focus on changes to the CKH Act that clarify, amend, and provide consistency to the language involving clear definition and meaning of the terms "successor agency," "application and proposal," and the procedures involving the recordation of the certificate of completion for a change of organization and reorganization. Since that time, additional non-substantive amendments to the Omnibus Bill were submitted by CALAFCO to the Assembly Local Government Committee for review. The latest bill language is referenced in **Attachment 2** and the additional amendments submitted by CALAFCO include the following:

- **Public Utility Code:** Currently, Government Code Section 56133 (e)(5) references an outdated code section from the Public Utility Code. The modification proposes to correct this error.
- **Revenue and Taxation Code Section 99:** The Revenue and Taxation Code Section 99 provides for the tax exchange process for annexations involving a city and County where there is no master property tax agreement. This section of State law currently has a

sunset date of January 1, 2021. The proposed amendment would extend the provisions of this code section to January 1, 2028.

As a co-sponsor of the Omnibus Bill, CALAFCO adopted a **Support** position and has requested support letters from LAFCOs be sent to the Assembly Local Government Committee. Staff is recommending the Commission adopt a **Support** position on AB 2957. The recommended position aligns with the Commission's legislative policy to support legislation that further provides clarity and consistency to the CKH Act to further LAFCO's authority.

RECOMMENDED ACTION: Adopt **SUPPORT** position on AB 2957.

Support: CALAFCO.

Oppose: None on record.

BILL LOCATION/STATUS: Assembly Local Government Committee. No hearing date scheduled.

SENATE BILLS

SB 1490, SB 1491, SB 1492 (Senate Governance and Finance Committee) - Validating Acts of 2022

Annually, the Legislature adopts the Validating Acts to cure public officials' minor procedural errors or omissions. Authored by the Senate Governance and Finance Committee, the annual bills affect the state government, cities, counties, special districts, and LAFCOs. However, the Acts do not protect against fraud, corruption, or unconstitutional actions. As the Acts would apply to Commission actions, staff recommends the Commission adopt a **Support** position on SB 1490, SB 1491, and SB 1492. The bills are referenced in **Attachment 3** to this report.

RECOMMENDED ACTION: Adopt **SUPPORT** position on SB 1490, SB 1491, and SB 1492.

Support: CALAFCO, California Special Districts Association, California State Association of Counties.

Oppose: None on record.

BILL LOCATION/STATUS: Senate Governance and Finance Committee. No hearing date scheduled.

SB 938 (Hertzberg): The Cortese-Knox-Hertzberg Local Government Reorganization Act of 2000: protest proceedings: procedural consolidation.

At the March 9, 2022, meeting, the Commission received a report on SB 938, which included proposed amendments to the protest proceedings in the CKH Act and adopted a **Support** position on the bill. At that time, the bill in print only included language of the proposed amendments

involving the consolidation and reorganization of the protest provisions to provide clarity and concise information without any substantive changes. Additionally, staff indicated that at a later time the bill would be amended to address the protest threshold for LAFCO-initiated dissolutions of special districts. On March 24, SB 938 was amended to propose changing the protest threshold from 10 percent to 25 percent for LAFCO-initiated dissolutions of special districts with the following conditions:

- Determination for the dissolution must be included in a Municipal Service Review and presented at a 21-day noticed public hearing.
- The subject special district must be granted a minimum of a 12-month remediation period and an opportunity to provide a progress report before the local LAFCO takes any action.
- A second 21-day public hearing must be held to determine if the identified issues are mitigated, resulting in the LAFCO either terminating the dissolution or moving forward under the current standard protest hearing process outlined in the CKH Act with a public notice hearing of 60 days.

Staff is recommending the Commission maintain its **Support** position on SB 938. The previously approved position aligns with the Commission's legislative policy to support legislation that is consistent with LAFCO's authority and provides good governance. The latest language of the bill is referenced in **Attachment 4**, and if the Commission maintains its support position, no additional action by the Commission is required.

OC LAFCO ADOPTED POSITION: Adopted **SUPPORT** position on March 9, 2021.

Support: CALAFCO (Sponsor), California Special Districts Association (CSDA), Alameda LAFCO, Butte LAFCO, Calaveras LAFCO, Colusa LAFCO, Contra Costa LAFCO, El Dorado LAFCO, Humboldt LAFCO, Imperial LAFCO, Lake LAFCO, Los Angeles LAFCO, Marin LAFCO, Mendocino LAFCO, Merced LAFCO, Mono LAFCO, Monterey LAFCO, Orange LAFCO, Placer LAFCO, Riverside LAFCO, Sacramento LAFCO, San Bernardino LAFCO, San Luis Obispo LAFCO, San Mateo LAFCO, Santa Barbara LAFCO, Sonoma LAFCO, Stanislaus LAFCO, Sutter LAFCO, Ventura LAFCO, Yolo LAFCO, Yuba LAFCO.

Oppose: Two individuals.

BILL LOCATION/STATUS: Senate Governance and Finance Committee. No hearing date scheduled.

SUMMARY

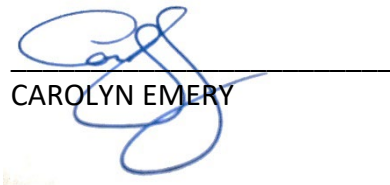
Staff will continue to monitor the bills outlined within this legislative report and other proposed legislation that is of LAFCO interest. If immediate action by the Commission is required prior to the next update scheduled for July 13, staff will provide an interim report to the Commission or coordinate the appropriate response with the OC LAFCO Chair.

RECOMMENDED ACTIONS:

Staff recommends that the Commission:

1. Adopt positions on the following bills:
 - AB 2081 (**OPPOSE**)
 - AB 2957 (**SUPPORT**)
 - SB 1490, 1491, 1492 (**SUPPORT**)
2. Direct staff to send position letters to the respective bill authors.

Respectfully Submitted,



CAROLYN EMERY



LUIS TAPIA

Attachments:

1. Assembly Bill 2081 (Garcia)
2. Assembly Bill 2957 (Assembly Local Government Committee)
3. Senate Bill 1490, 1491, and 1492 (Senate Governance and Finance Committee)
4. Senate Bill 938 (Hertzberg)

Exhibits:

- A. Letter of Opposition - AB 2081
- B. Letter of Support - AB 2957
- C. Letter of Support - SB 1490, 1491, 1492

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Date Published: 02/14/2022 09:00 PM

CALIFORNIA LEGISLATURE— 2021–2022 REGULAR SESSION

ASSEMBLY BILL**NO. 2081**

Introduced by Assembly Members Eduardo Garcia and Waldron
(Coauthors: Assembly Members Boerner Horvath, Maienschein, Voepel, and Ward)

February 14, 2022

An act to amend Section 71611.5 of the Water Code, relating to water.

LEGISLATIVE COUNSEL'S DIGEST

AB 2081, as introduced, Eduardo Garcia. Municipal water districts: water service: Indian lands.

Existing law, the Municipal Water District Law of 1911, provides for the formation of municipal water districts and grants to those districts specified powers. Existing law permits a district to acquire, control, distribute, store, spread, sink, treat, purify, recycle, recapture, and salvage any water for the beneficial use of the district, its inhabitants, or the owners of rights to water in the district. Existing law, upon the request of certain Indian tribes and the satisfaction of certain conditions, requires a district to provide service of water at substantially the same terms applicable to the customers of the district to the Indian tribe's lands that are not within a district, as prescribed. Existing law also authorizes a district, until January 1, 2023, under specified circumstances, to apply to the applicable local agency formation commission to provide this service of water to Indian lands, as defined, that are not within the district and requires the local agency formation commission to approve such an application.

This bill would extend the above provisions regarding the application to the applicable local agency formation commission to January 1, 2025. By imposing new duties on local officials, the bill would create a state-mandated local program.

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 no reimbursement is required by this act for a specified reason.

Vote: majority Appropriation: no Fiscal Committee: yes Local Program: yes

THE PEOPLE OF THE STATE OF CALIFORNIA DO ENACT AS FOLLOWS:

SECTION 1. Section 71611.5 of the Water Code is amended to read:

71611.5. (a) (1) Except as provided in paragraph (2), upon the request of an Indian tribe and the satisfaction of the conditions stated in subdivision (b), a district shall provide service of water at substantially the same terms applicable to the customers of the district to an Indian tribe's lands that are not within a district as if the lands had been fully annexed into the district and into any other public agencies required for the provision of water service if the Indian tribe's lands meet all of the following requirements:

(A) The lands were owned by the tribe on January 1, 2016.

(B) The lands are contiguous with at least two districts.

(C) The lands lie within the special study area of at least one district.

(D) At least 70 percent of the Indian tribe's total Indian lands are currently within the boundaries of one or more districts.

(2) (A) Upon the request of an Indian tribe that does not meet the requirements of paragraph (1) and upon the satisfaction of the conditions stated in subdivision (b), a district may, until January 1, ~~2023~~, 2025, apply to the applicable local agency formation commission to extend water service at substantially the same terms applicable to customers of the district to Indian lands that are not within a district as if the lands had been fully annexed into the district and into any other public agencies required for the provision of water service. The local agency formation commission shall approve the application and may impose conditions on the district with regard to the extension of service in accordance with Section 56886 of the Government Code, as long as those terms and conditions do not impair the provision of water service to Indian lands pursuant to this section and are similar to those imposed on all agency service recipients without discrimination. A district shall provide the water extension agreement to the local agency formation commission.

(B) A local agency formation commission shall not approve an application on or after January 1, ~~2023~~, 2025. A district that received authorization to extend water service to Indian lands pursuant to subparagraph (A) may continue to do so after January 1, ~~2023~~, 2025, provided that the district continues to comply with the conditions imposed by the local agency formation commission.

(C) For purposes of this subdivision, "Indian lands" means Indian lands, as defined in Section 2703 of Title 25 of the United States Code, that were part of a reservation or held in trust as of January 1, ~~2017~~, 2022.

(b) Before a district provides service of water pursuant to this section, the Indian tribe shall satisfy all of the following conditions:

(1) The Indian tribe complies with all federal and tribal laws.

(2) The Indian tribe acquires all federal and tribal approvals necessary for the applicable district to provide water service to the tribal lands on substantially the same terms applicable to customers of the district.

(3) The Indian tribe accepts, by agreement, all terms of, and ~~payments to (including service payments);~~ *payments, including service payments, to*, the district and any public agency providing water to said district, as if the Indian tribe's lands were fully annexed into the district and into the service area of any other public agency, which terms and payments are also a condition of continued service by a district and by any public agency providing water to said district.

(c) If a district provides service of water to an Indian tribe's lands pursuant to this section, the service areas of the district and of any public agencies providing water to the district are deemed for all purposes to include the Indian tribe's lands for the longest of the following periods of time:

(1) The time service of water is provided by the district to the Indian tribe.

(2) The time moneys are owed by the Indian tribe to the district for the service of water.

(3) The term of any agreement between the district and the Indian tribe.

SEC. 2. No reimbursement is required by this act pursuant to Section 6 of Article XIII B of the California Constitution because a local agency or school district has the authority to levy service charges, fees, or

assessments sufficient to pay for the program or level of service mandated by this act, within the meaning of Section 17556 of the Government Code.


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AB-2957 Local government: reorganization. (2021-2022)

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CALIFORNIA LEGISLATURE— 2021–2022 REGULAR SESSION

ASSEMBLY BILL

NO. 2957
Introduced by Committee on Local Government
March 02, 2022

An act to amend Sections 56102, 56653, 56654, and 56658 of, and to add Section 56078.5 to, the Government Code, relating to local government.

LEGISLATIVE COUNSEL'S DIGEST

AB 2957, as introduced, Committee on Local Government. Local government: reorganization.

Existing law, the Cortese-Knox-Hertzberg Local Government Reorganization Act of 2000, provides the authority and procedure for the initiation, conduct, and completion of changes of organization, reorganization, and sphere of influence changes for cities and districts, as specified. Existing law requires that an applicant seeking a change of organization or reorganization to submit a plan for providing services within the affected territory.

Existing law requires a petitioner or legislative body desiring to initiate proceedings to submit an application to the executive officer of the local agency formation commission, and requires the local agency formation commission, with regard to an application that includes an incorporation, to immediately notify all affected local agencies and any applicable state agency, as specified.

This bill would define the term "successor agency," for these purposes to mean the local agency a commission designates to wind up the affairs of a dissolved district. This bill would also make clarifying changes to the above provisions.

Vote: majority Appropriation: no Fiscal Committee: no Local Program: no

THE PEOPLE OF THE STATE OF CALIFORNIA DO ENACT AS FOLLOWS:

SECTION 1. Section 56078.5 is added to the Government Code, to read:

56078.5. "Successor Agency" means the local agency the commission designates to wind up the affairs of a dissolved district.

SEC. 2. Section 56102 of the Government Code is amended to read:

56102. For the purpose of any action to determine or contest the validity of any change of organization or reorganization, the change of organization or reorganization shall be deemed to ~~be completed and in existence~~ *take effect* upon the date of execution of the certificate of completion.

SEC. 3. Section 56653 of the Government Code, as amended by Section 1 of Chapter 43 of the Statutes of 2017, is amended to read:

56653. (a) If ~~a proposal~~ *an application* for a change of organization or reorganization is submitted pursuant to this part, the applicant shall submit a plan for providing services within the affected territory.

(b) The plan for providing services shall include all of the following information and any additional information required by the commission or the executive officer:

(1) An enumeration and description of the services currently provided or to be extended to the affected territory.

(2) The level and range of those services.

(3) An indication of when those services can feasibly be extended to the affected territory, if new services are proposed.

(4) An indication of any improvement or upgrading of structures, roads, sewer or water facilities, or other conditions the local agency would impose or require within the affected territory if the change of organization or reorganization is completed.

(5) Information with respect to how those services will be financed.

(c) (1) In the case of a change of organization or reorganization initiated by a local agency that includes a disadvantaged, unincorporated community as defined in Section 56033.5, a local agency may include in its resolution of application for change of organization or reorganization an annexation development plan adopted pursuant to Section 99.3 of the Revenue and Taxation Code to improve or upgrade structures, roads, sewer or water facilities, or other infrastructure to serve the disadvantaged, unincorporated community through the formation of a special district or reorganization of one or more existing special districts with the consent of each special district's governing body.

(2) The annexation development plan submitted pursuant to this subdivision shall include information that demonstrates that the formation or reorganization of the special district will provide all of the following:

(A) The necessary financial resources to improve or upgrade structures, roads, sewer, or water facilities or other infrastructure. The annexation development plan shall also clarify the local entity that shall be responsible for the delivery and maintenance of the services identified in the application.

(B) An estimated timeframe for constructing and delivering the services identified in the application.

(C) The governance, oversight, and long-term maintenance of the services identified in the application after the initial costs are recouped and the tax increment financing terminates.

(3) If a local agency includes an annexation development plan pursuant to this subdivision, a local agency formation commission may approve the proposal for a change of organization or reorganization to include the formation of a special district or reorganization of a special district with the special district's consent, including, but not limited to, a community services district, municipal water district, or sanitary district, to provide financing to improve or upgrade structures, roads, sewer or water facilities, or other infrastructure to serve the disadvantaged, unincorporated community, in conformity with the requirements of the principal act of the district proposed to be formed and all required formation proceedings.

(4) Pursuant to Section 56881, the commission shall include in its resolution making determinations a description of the annexation development plan, including, but not limited to, an explanation of the proposed financing mechanism adopted pursuant to Section 99.3 of the Revenue and Taxation Code, including, but not limited to, any planned debt issuance associated with that annexation development plan.

(d) This section shall not preclude a local agency formation commission from considering any other options or exercising its powers under Section 56375.

(e) This section shall remain in effect only until January 1, 2025, and as of that date is repealed.

SEC. 4. Section 56653 of the Government Code, as amended by Section 2 of Chapter 43 of the Statutes of 2017, is amended to read:

56653. (a) If ~~a proposal~~ *an application* for a change of organization or reorganization is submitted pursuant to this part, the applicant shall submit a plan for providing services within the affected territory.

(b) The plan for providing services shall include all of the following information and any additional information required by the commission or the executive officer:

(1) An enumeration and description of the services currently provided or to be extended to the affected territory.

(2) The level and range of those services.

(3) An indication of when those services can feasibly be extended to the affected territory, if new services are proposed.

(4) An indication of any improvement or upgrading of structures, roads, sewer or water facilities, or other conditions the local agency would impose or require within the affected territory if the change of organization or reorganization is completed.

(5) Information with respect to how those services will be financed.

(c) This section shall become operative on January 1, 2025.

SEC. 5. Section 56654 of the Government Code is amended to read:

56654. (a) ~~A proposal~~ *An application* for a change of organization or a reorganization may be made by the adoption of a resolution of application by the legislative body of an affected local agency, except as provided in subdivision (b).

(b) Notwithstanding Section 56700, ~~a proposal~~ *an application* for a change of organization that involves the exercise of new or different functions or classes of services, or the divestiture of the power to provide particular functions or classes of services, within all or part of the jurisdictional boundaries of a special district, shall only be initiated by the legislative body of that special district in accordance with Sections 56824.10, 56824.12, and 56824.14.

(c) At least 21 days before the adoption of the resolution, the legislative body may give mailed notice of its intention to adopt a resolution of application to the commission and to each interested agency and each subject agency. The notice shall generally describe the ~~proposal~~ *application* and the affected territory.

(d) Except for the provisions regarding signers and signatures, a resolution of application shall contain all of the matters specified for a petition in Section 56700 and shall be submitted with a plan for services prepared pursuant to Section 56653.

SEC. 6. Section 56658 of the Government Code is amended to read:

56658. (a) Any petitioner or legislative body desiring to initiate proceedings shall submit an application to the executive officer of the principal county.

(b) (1) Immediately after receiving an application and before issuing a certificate of filing, the executive officer shall give mailed notice that the application has been received to each affected local agency, the county committee on school district organization, and each school superintendent whose school district overlies the affected territory. The notice shall generally describe the ~~proposal~~ *application* and the affected territory. The executive officer shall not be required to give notice pursuant to this subdivision if a local agency has already given notice pursuant to subdivision (c) of Section 56654.

(2) It is the intent of the Legislature that ~~a proposal~~ *an application* for incorporation or disincorporation shall be processed in a timely manner. With regard to an application that includes an incorporation or disincorporation, the executive officer shall immediately notify all affected local agencies and any applicable state agencies by mail and request the affected agencies to submit the required data to the commission within a reasonable timeframe established by the executive officer. Each affected agency shall respond to the executive officer within 15 days

acknowledging receipt of the request. Each affected local agency and the officers and departments thereof shall submit the required data to the executive officer within the timelines established by the executive officer. Each affected state agency and the officers and departments thereof shall submit the required data to the executive officer within the timelines agreed upon by the executive officer and the affected state departments.

(3) If a special district is, or as a result of a proposal will be, located in more than one county, the executive officer of the principal county shall immediately give the executive officer of each other affected county mailed notice that the application has been received. The notice shall generally describe the proposal and the affected territory.

(c) Except when a commission is the lead agency pursuant to Section 21067 of the Public Resources Code, the executive officer shall determine within 30 days of receiving an application whether the application is complete and acceptable for filing or whether the application is incomplete.

(d) The executive officer shall not accept an application for filing and issue a certificate of filing for at least 20 days after giving the mailed notice required by subdivision (b). The executive officer shall not be required to comply with this subdivision in the case of an application which meets the requirements of Section 56662 or in the case of an application for which a local agency has already given notice pursuant to subdivision (c) of Section 56654.

(e) If the appropriate fees have been paid, an application shall be deemed accepted for filing if no determination has been made by the executive officer within the 30-day period. An executive officer shall accept for filing, and file, any application submitted in the form prescribed by the commission and containing all of the information and data required pursuant to Section 56652.

(f) When an application is accepted for filing, the executive officer shall immediately issue a certificate of filing to the applicant. A certificate of filing shall be in the form prescribed by the executive officer and shall specify the date upon which the proposal shall be heard by the commission. From the date of issuance of a certificate of filing, or the date upon which an application is deemed to have been accepted, whichever is earlier, an application shall be deemed filed pursuant to this division.

(g) If an application is determined not to be complete, the executive officer shall immediately transmit that determination to the applicant specifying those parts of the application which are incomplete and the manner in which they can be made complete.

(h) Following the issuance of the certificate of filing, the executive officer shall proceed to set the proposal for hearing and give published notice thereof as provided in this part. The date of the hearing shall be not more than 90 days after issuance of the certificate of filing or after the application is deemed to have been accepted, whichever is earlier. Notwithstanding Section 56106, the date for conducting the hearing, as determined pursuant to this subdivision, is mandatory.


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SB-1490 Validations. (2021-2022)

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Date Published: 02/28/2022 09:00 PM

CALIFORNIA LEGISLATURE— 2021–2022 REGULAR SESSION

SENATE BILL

NO. 1490

Introduced by Committee on Governance and Finance (Senators Caballero (Chair), Durazo, Hertzberg, Nielsen, and Wiener)

February 28, 2022

An act to validate the organization, boundaries, acts, proceedings, and bonds of public bodies, and to provide limitations of time in which actions may be commenced, and declaring the urgency thereof, to take effect immediately.

LEGISLATIVE COUNSEL'S DIGEST

SB 1490, as introduced, Committee on Governance and Finance. Validations.

This bill would enact the First Validating Act of 2022, which would validate the organization, boundaries, acts, proceedings, and bonds of the state and counties, cities, and specified districts, agencies, and entities.

This bill would declare that it is to take effect immediately as an urgency statute.

Vote: 2/3 Appropriation: no Fiscal Committee: no Local Program: no

THE PEOPLE OF THE STATE OF CALIFORNIA DO ENACT AS FOLLOWS:

SECTION 1. This act shall be known, and may be cited, as the First Validating Act of 2022.

SEC. 2. As used in this act:

(a) "Public body" means all of the following:

(1) The state and all departments, agencies, boards, commissions, and authorities of the state. Except as provided in paragraph (2), "public body" also means all cities, counties, cities and counties, districts, authorities, agencies, boards, commissions, and other entities, whether created by a general statute or a special act, including, but not limited to, the following:

Agencies, boards, commissions, or entities constituted or provided for under or pursuant to the Joint Exercise of Powers Act (Chapter 5 (commencing with Section 6500) of Division 7 of Title 1 of the Government Code).

Affordable housing authorities.

Air pollution control districts of any kind.

Air quality management districts.

Airport districts.

Assessment districts, benefit assessment districts, and special assessment districts of any public body.

Bridge and highway districts.

California water districts.

Citrus pest control districts.

City maintenance districts.

Community college districts.

Community development commissions in their capacity to act as a housing authority for other community development purposes of the jurisdiction in which the commission operates, except for any action taken with respect to the commission's authority to act as a community redevelopment agency.

Community facilities districts.

Community rehabilitation districts.

Community revitalization and investment authorities.

Community services districts.

Conservancy districts.

Cotton pest abatement districts.

County boards of education.

County drainage districts.

County flood control and water districts.

County free library systems.

County maintenance districts.

County sanitation districts.

County service areas.

County transportation commissions.

County water agencies.

County water authorities.

County water districts.

County waterworks districts.

Department of Water Resources and other agencies acting pursuant to Part 3 (commencing with Section 11100) of Division 6 of the Water Code.

Distribution districts of any public body.

Districts acting pursuant to Section 53395.82 of the Government Code.

Drainage districts.

Enhanced infrastructure financing districts.

Fire protection districts.

Flood control and water conservation districts.

Flood control districts.

Garbage and refuse disposal districts.

Garbage disposal districts.

Geologic hazard abatement districts.

Harbor districts.

Harbor improvement districts.

Harbor, recreation, and conservation districts.

Health care authorities.

Highway districts.

Highway interchange districts.

Highway lighting districts.

Housing authorities.

Improvement districts or improvement areas of any public body.

Industrial development authorities.

Infrastructure financing districts.

Integrated financing districts.

Irrigation districts.

Joint highway districts.

Levee districts.

Library districts.

Library districts in unincorporated towns and villages.

Local agency formation commissions.

Local health care districts.

Local health districts.

Local hospital districts.

Local transportation authorities or commissions.

Maintenance districts.

Memorial districts.

Metropolitan transportation commissions.

Metropolitan water districts.

Mosquito abatement and vector control districts.

Multifamily improvement districts.

Municipal improvement districts.

Municipal utility districts.

Municipal water districts.

Nonprofit corporations.

Nonprofit public benefit corporations.

Open-space maintenance districts.

Parking and business improvement areas.

Parking authorities.

Parking districts.

Permanent road divisions.

Pest abatement districts.

Police protection districts.

Port districts.

Property and business improvement areas.

Protection districts.

Public cemetery districts.

Public utility districts.

Rapid transit districts.

Reclamation districts.

Recreation and park districts.

Regional justice facility financing agencies.

Regional park and open-space districts.

Regional planning districts.

Regional transportation commissions.

Resort improvement districts.

Resource conservation districts.

River port districts.

Road maintenance districts.

Sanitary districts.

School districts of any kind or class.

School facilities improvement districts.

Separation of grade districts.

Service authorities for freeway emergencies.

Sewer districts.

Sewer maintenance districts.

Small craft harbor districts.

Special municipal tax districts.

Stone and pome fruit pest control districts.

Storm drain maintenance districts.

Storm drainage districts.

Storm drainage maintenance districts.

Stormwater districts.

Toll tunnel authorities.

Traffic authorities.

Transit development boards.

Transit districts.

Unified and union school districts' public libraries.

Vehicle parking districts.

Water agencies.

Water authorities.

Water conservation districts.

Water districts.

Water replenishment districts.

Water storage districts.

Watermaster districts.

Wine grape pest and disease control districts.

Zones, improvement zones, or service zones of any public body.

(2) Notwithstanding paragraph (1), a "public body" does not include any of the following:

(A) A community redevelopment agency formed pursuant to the Community Redevelopment Law (Part 1 (commencing with Section 33000) of Division 24 of the Health and Safety Code).

(B) A community development commission, with respect to its exercise of the powers of a community redevelopment agency.

(C) A joint powers authority that includes a community redevelopment agency or a community development commission as a member, with respect to its exercise of the powers of a community redevelopment agency.

(3) "Public body" includes both of the following:

(A) The successor agency to the Redevelopment Agency of the City and County of San Francisco, solely for the purpose of issuing bonds or incurring other indebtedness pursuant to the provisions of Section 34177.7 of the Health and Safety Code.

(B) A successor agency, as defined in subdivision (j) of Section 34171 of the Health and Safety Code, solely for the purpose of issuing bonds or incurring other indebtedness pursuant to the provisions of Section 34177.5 of the Health and Safety Code.

(b) "Bonds" means all instruments evidencing an indebtedness of a public body incurred or to be incurred for any public purpose, all leases, installment purchase agreements, or similar agreements wherein the obligor is one or more public bodies, all instruments evidencing the borrowing of money in anticipation of taxes, revenues, or other income of that body, all instruments payable from revenues or special funds of those public bodies, all certificates of participation evidencing interests in the leases, installment purchase agreements, or similar agreements, and all instruments funding, refunding, replacing, or amending any thereof or any indebtedness.

(c) "Hereafter" means any time subsequent to the effective date of this act.

(d) "Heretofore" means any time prior to the effective date of this act.

(e) "Now" means the effective date of this act.

SEC. 3. All public bodies heretofore organized or existing under any law, or under color of any law, are hereby declared to have been legally organized and to be legally functioning as those public bodies. Every public body, heretofore described, shall have all the rights, powers, and privileges, and be subject to all the duties and obligations, of those public bodies regularly formed pursuant to law.

SEC. 4. The boundaries of every public body as heretofore established, defined, or recorded, or as heretofore actually shown on maps or plats used by the assessor, are hereby confirmed, validated, and declared legally established.

SEC. 5. All acts and proceedings heretofore taken by any public body or bodies under any law, or under color of any law, for the annexation or inclusion of territory into those public bodies or for the annexation of those public bodies to any other public body or for the detachment, withdrawal, or exclusion of territory from any public body or for the consolidation, merger, or dissolution of any public bodies are hereby confirmed, validated, and declared legally effective. This shall include all acts and proceedings of the governing board of any public body and of any person, public officer, board, or agency heretofore done or taken upon the question of the annexation or inclusion or of the withdrawal or exclusion of territory or the consolidation, merger, or dissolution of those public bodies.

SEC. 6. (a) All acts and proceedings heretofore taken by or on behalf of any public body under any law, or under color of any law, for, or in connection with, the authorization, issuance, sale, execution, delivery, or exchange of bonds of any public body for any public purpose are hereby authorized, confirmed, validated, and declared legally effective. This shall include all acts and proceedings of the governing board of public bodies and of any person, public officer, board, or agency heretofore done or taken upon the question of the authorization, issuance, sale, execution, delivery, or exchange of bonds.

(b) All bonds of, or relating to, any public body heretofore issued shall be, in the form and manner issued and delivered, the legal, valid, and binding obligations of the public body. All bonds of, or relating to, any public body heretofore awarded and sold to a purchaser and hereafter issued and delivered in accordance with the contract of sale and other proceedings for the award and sale shall be the legal, valid, and binding obligations of the public body. All bonds of, or relating to, any public body heretofore authorized to be issued by ordinance, resolution, order, or other action adopted or taken by or on behalf of the public body and hereafter issued and delivered in accordance with that authorization shall be the legal, valid, and binding obligations of the public body. All bonds of, or relating to, any public body heretofore authorized to be issued at an election and hereafter issued and delivered in accordance with that authorization shall be the legal, valid, and binding obligations of the public body. Whenever an election has heretofore been called for the purpose of submitting to the voters of any public body the question of issuing bonds for any public purpose, those bonds, if hereafter authorized by the required vote and in accordance with the proceedings heretofore taken, and issued and delivered in accordance with that authorization, shall be the legal, valid, and binding obligations of the public body.

SEC. 7. (a) This act shall operate to supply legislative authorization as may be necessary to authorize, confirm, and validate any acts and proceedings heretofore taken pursuant to authority the Legislature could have supplied or provided for in the law under which those acts or proceedings were taken.

(b) This act shall be limited to the validation of acts and proceedings to the extent that the same can be effectuated under the California Constitution and the United States Constitution.

(c) This act shall not operate to authorize, confirm, validate, or legalize any act, proceeding, or other matter being legally contested or inquired into in any legal proceeding now pending and undetermined or that is pending and undetermined during the period of 30 days from and after the effective date of this act.

(d) This act shall not operate to authorize, confirm, validate, or legalize any act, proceeding, or other matter that has heretofore been determined in any legal proceeding to be illegal, void, or ineffective.

(e) This act shall not operate to authorize, confirm, validate, or legalize a contract between any public body and the United States.

SEC. 8. Any action or proceeding contesting the validity of any action or proceeding heretofore taken under any law, or under color of any law, for the formation, organization, or incorporation of any public body, or for any annexation thereto, detachment or exclusion therefrom, or other change of boundaries thereof, or for the consolidation, merger, or dissolution of any public bodies, or for, or in connection with, the authorization, issuance, sale, execution, delivery, or exchange of bonds thereof upon any ground involving any alleged defect

or illegality not effectively validated by the prior provisions of this act and not otherwise barred by any statute of limitations or by laches shall be commenced within six months of the effective date of this act, otherwise each and all of those matters shall be held to be valid and in every respect legal and incontestable. This act shall not extend the period allowed for legal action beyond the period that it would be barred by any presently existing valid statute of limitations.

SEC. 9. Nothing contained in this act shall be construed to render the creation of any public body, or any change in the boundaries of any public body, effective for purposes of assessment or taxation unless the statement, together with the map or plat, required to be filed pursuant to Chapter 8 (commencing with Section 54900) of Part 1 of Division 2 of Title 5 of the Government Code, is filed within the time and substantially in the manner required by those sections.

SEC. 10. This act is an urgency statute necessary for the immediate preservation of the public peace, health, or safety within the meaning of Article IV of the Constitution and shall go into immediate effect. The facts constituting the necessity are:

In order to validate the organization, boundaries, acts, proceedings, and bonds of public bodies as soon as possible, it is necessary that this act take immediate effect.

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Date Published: 02/28/2022 09:00 PM

CALIFORNIA LEGISLATURE— 2021–2022 REGULAR SESSION

SENATE BILL**NO. 1491**

Introduced by Committee on Governance and Finance (Senators Caballero (Chair), Durazo, Hertzberg, Nielsen, and Wiener)

February 28, 2022

An act relating to validate the organization, boundaries, acts, proceedings, and bonds of public bodies, and to provide limitations of time in which actions may be commenced, and declaring the urgency thereof, to take effect immediately.

LEGISLATIVE COUNSEL'S DIGEST

SB 1491, as introduced, Committee on Governance and Finance. Validations.

This bill would enact the Second Validating Act of 2022, which would validate the organization, boundaries, acts, proceedings, and bonds of the state and counties, cities, and specified districts, agencies, and entities.

This bill would declare that it is to take effect immediately as an urgency statute.

Vote: 2/3 Appropriation: no Fiscal Committee: no Local Program: no

THE PEOPLE OF THE STATE OF CALIFORNIA DO ENACT AS FOLLOWS:

SECTION 1. This act shall be known, and may be cited, as the Second Validating Act of 2022.

SEC. 2. As used in this act:

(a) "Public body" means all of the following:

(1) The state and all departments, agencies, boards, commissions, and authorities of the state. Except as provided in paragraph (2), "public body" also means all cities, counties, cities and counties, districts, authorities, agencies, boards, commissions, and other entities, whether created by a general statute or a special act, including, but not limited to, the following:

Agencies, boards, commissions, or entities constituted or provided for under or pursuant to the Joint Exercise of Powers Act (Chapter 5 (commencing with Section 6500) of Division 7 of Title 1 of the Government Code).

Affordable housing authorities.

Air pollution control districts of any kind.

Air quality management districts.

Airport districts.

Assessment districts, benefit assessment districts, and special assessment districts of any public body.

Bridge and highway districts.

California water districts.

Citrus pest control districts.

City maintenance districts.

Community college districts.

Community development commissions in their capacity to act as a housing authority for other community development purposes of the jurisdiction in which the commission operates, except for any action taken with respect to the commission's authority to act as a community redevelopment agency.

Community facilities districts.

Community rehabilitation districts.

Community revitalization and investment authorities.

Community services districts.

Conservancy districts.

Cotton pest abatement districts.

County boards of education.

County drainage districts.

County flood control and water districts.

County free library systems.

County maintenance districts.

County sanitation districts.

County service areas.

County transportation commissions.

County water agencies.

County water authorities.

County water districts.

County waterworks districts.

Department of Water Resources and other agencies acting pursuant to Part 3 (commencing with Section 11100) of Division 6 of the Water Code.

Distribution districts of any public body.

Districts acting pursuant to Section 53395.82 of the Government Code.

Drainage districts.

Enhanced infrastructure financing districts.

Fire protection districts.

Flood control and water conservation districts.

Flood control districts.

Garbage and refuse disposal districts.

Garbage disposal districts.

Geologic hazard abatement districts.

Harbor districts.

Harbor improvement districts.

Harbor, recreation, and conservation districts.

Health care authorities.

Highway districts.

Highway interchange districts.

Highway lighting districts.

Housing authorities.

Improvement districts or improvement areas of any public body.

Industrial development authorities.

Infrastructure financing districts.

Integrated financing districts.

Irrigation districts.

Joint highway districts.

Levee districts.

Library districts.

Library districts in unincorporated towns and villages.

Local agency formation commissions.

Local health care districts.

Local health districts.

Local hospital districts.

Local transportation authorities or commissions.

Maintenance districts.

Memorial districts.

Metropolitan transportation commissions.

Metropolitan water districts.

Mosquito abatement and vector control districts.

Multifamily improvement districts.

Municipal improvement districts.

Municipal utility districts.

Municipal water districts.

Nonprofit corporations.

Nonprofit public benefit corporations.

Open-space maintenance districts.

Parking and business improvement areas.

Parking authorities.

Parking districts.

Permanent road divisions.

Pest abatement districts.

Police protection districts.

Port districts.

Property and business improvement areas.

Protection districts.

Public cemetery districts.

Public utility districts.

Rapid transit districts.

Reclamation districts.

Recreation and park districts.

Regional justice facility financing agencies.

Regional park and open-space districts.

Regional planning districts.

Regional transportation commissions.

Resort improvement districts.

Resource conservation districts.

River port districts.

Road maintenance districts.

Sanitary districts.

School districts of any kind or class.

School facilities improvement districts.

Separation of grade districts.

Service authorities for freeway emergencies.

Sewer districts.

Sewer maintenance districts.

Small craft harbor districts.

Special municipal tax districts.

Stone and pome fruit pest control districts.

Storm drain maintenance districts.

Storm drainage districts.

Storm drainage maintenance districts.

Storm water districts.

Toll tunnel authorities.

Traffic authorities.

Transit development boards.

Transit districts.

Unified and union school districts' public libraries.

Vehicle parking districts.

Water agencies.

Water authorities.

Water conservation districts.

Water districts.

Water replenishment districts.

Water storage districts.

Watermaster districts.

Wine grape pest and disease control districts.

Zones, improvement zones, or service zones of any public body.

(2) Notwithstanding paragraph (1), a "public body" does not include any of the following:

(A) A community redevelopment agency formed pursuant to the Community Redevelopment Law (Part 1 (commencing with Section 33000) of Division 24 of the Health and Safety Code).

(B) A community development commission, with respect to its exercise of the powers of a community redevelopment agency.

(C) A joint powers authority that includes a community redevelopment agency or a community development commission as a member, with respect to its exercise of the powers of a community redevelopment agency.

(3) "Public body" includes both of the following:

(A) The successor agency to the Redevelopment Agency of the City and County of San Francisco, solely for the purpose of issuing bonds or incurring other indebtedness pursuant to the provisions of Section 34177.7 of the Health and Safety Code.

(B) A successor agency, as defined in subdivision (j) of Section 34171 of the Health and Safety Code, solely for the purpose of issuing bonds or incurring other indebtedness pursuant to the provisions of Section 34177.5 of the Health and Safety Code.

(b) "Bonds" means all instruments evidencing an indebtedness of a public body incurred or to be incurred for any public purpose, all leases, installment purchase agreements, or similar agreements wherein the obligor is one or more public bodies, all instruments evidencing the borrowing of money in anticipation of taxes, revenues, or other income of that body, all instruments payable from revenues or special funds of those public bodies, all certificates of participation evidencing interests in the leases, installment purchase agreements, or similar agreements, and all instruments funding, refunding, replacing, or amending any thereof or any indebtedness.

(c) "Hereafter" means any time subsequent to the effective date of this act.

(d) "Heretofore" means any time prior to the effective date of this act.

(e) "Now" means the effective date of this act.

SEC. 3. All public bodies heretofore organized or existing under any law, or under color of any law, are hereby declared to have been legally organized and to be legally functioning as those public bodies. Every public body, heretofore described, shall have all the rights, powers, and privileges, and be subject to all the duties and obligations, of those public bodies regularly formed pursuant to law.

SEC. 4. The boundaries of every public body as heretofore established, defined, or recorded, or as heretofore actually shown on maps or plats used by the assessor, are hereby confirmed, validated, and declared legally established.

SEC. 5. All acts and proceedings heretofore taken by any public body or bodies under any law, or under color of any law, for the annexation or inclusion of territory into those public bodies or for the annexation of those public bodies to any other public body or for the detachment, withdrawal, or exclusion of territory from any public body or for the consolidation, merger, or dissolution of any public bodies are hereby confirmed, validated, and declared legally effective. This shall include all acts and proceedings of the governing board of any public body and of any person, public officer, board, or agency heretofore done or taken upon the question of the annexation or inclusion or of the withdrawal or exclusion of territory or the consolidation, merger, or dissolution of those public bodies.

SEC. 6. (a) All acts and proceedings heretofore taken by or on behalf of any public body under any law, or under color of any law, for, or in connection with, the authorization, issuance, sale, execution, delivery, or exchange of bonds of any public body for any public purpose are hereby authorized, confirmed, validated, and declared legally effective. This shall include all acts and proceedings of the governing board of public bodies and of any person, public officer, board, or agency heretofore done or taken upon the question of the authorization, issuance, sale, execution, delivery, or exchange of bonds.

(b) All bonds of, or relating to, any public body heretofore issued shall be, in the form and manner issued and delivered, the legal, valid, and binding obligations of the public body. All bonds of, or relating to, any public body heretofore awarded and sold to a purchaser and hereafter issued and delivered in accordance with the contract of sale and other proceedings for the award and sale shall be the legal, valid, and binding obligations of the public body. All bonds of, or relating to, any public body heretofore authorized to be issued by ordinance, resolution, order, or other action adopted or taken by or on behalf of the public body and hereafter issued and delivered in accordance with that authorization shall be the legal, valid, and binding obligations of the public body. All bonds of, or relating to, any public body heretofore authorized to be issued at an election and hereafter issued and delivered in accordance with that authorization shall be the legal, valid, and binding obligations of the public body. Whenever an election has heretofore been called for the purpose of submitting to the voters of any public body the question of issuing bonds for any public purpose, those bonds, if hereafter authorized by the required vote and in accordance with the proceedings heretofore taken, and issued and delivered in accordance with that authorization, shall be the legal, valid, and binding obligations of the public body.

SEC. 7. (a) This act shall operate to supply legislative authorization as may be necessary to authorize, confirm, and validate any acts and proceedings heretofore taken pursuant to authority the Legislature could have supplied or provided for in the law under which those acts or proceedings were taken.

(b) This act shall be limited to the validation of acts and proceedings to the extent that the same can be effectuated under the California Constitution and the United States Constitution.

(c) This act shall not operate to authorize, confirm, validate, or legalize any act, proceeding, or other matter being legally contested or inquired into in any legal proceeding now pending and undetermined or that is pending and undetermined during the period of 30 days from and after the effective date of this act.

(d) This act shall not operate to authorize, confirm, validate, or legalize any act, proceeding, or other matter that has heretofore been determined in any legal proceeding to be illegal, void, or ineffective.

(e) This act shall not operate to authorize, confirm, validate, or legalize a contract between any public body and the United States.

SEC. 8. Any action or proceeding contesting the validity of any action or proceeding heretofore taken under any law, or under color of any law, for the formation, organization, or incorporation of any public body, or for any annexation thereto, detachment or exclusion therefrom, or other change of boundaries thereof, or for the consolidation, merger, or dissolution of any public bodies, or for, or in connection with, the authorization, issuance, sale, execution, delivery, or exchange of bonds thereof upon any ground involving any alleged defect

or illegality not effectively validated by the prior provisions of this act and not otherwise barred by any statute of limitations or by laches shall be commenced within six months of the effective date of this act, otherwise each and all of those matters shall be held to be valid and in every respect legal and incontestable. This act shall not extend the period allowed for legal action beyond the period that it would be barred by any presently existing valid statute of limitations.

SEC. 9. Nothing contained in this act shall be construed to render the creation of any public body, or any change in the boundaries of any public body, effective for purposes of assessment or taxation unless the statement, together with the map or plat, required to be filed pursuant to Chapter 8 (commencing with Section 54900) of Part 1 of Division 2 of Title 5 of the Government Code, is filed within the time and substantially in the manner required by those sections.

SEC. 10. This act shall become operative on September 1, 2022.

SEC. 11. This act is an urgency statute necessary for the immediate preservation of the public peace, health, or safety within the meaning of Article IV of the Constitution and shall go into immediate effect. The facts constituting the necessity are:

In order to validate the organization, boundaries, acts, proceedings, and bonds of public bodies as soon as possible, it is necessary that this act take immediate effect.


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SB-1492 Validations. (2021-2022)

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Date Published: 02/28/2022 09:00 PM

CALIFORNIA LEGISLATURE— 2021–2022 REGULAR SESSION

SENATE BILL

NO. 1492

Introduced by Committee on Governance and Finance (Senators Caballero (Chair), Durazo, Hertzberg, Nielsen, and Wiener)

February 28, 2022

An act to validate the organization, boundaries, acts, proceedings, and bonds of public bodies, and to provide limitations of time in which actions may be commenced.

LEGISLATIVE COUNSEL'S DIGEST

SB 1492, as introduced, Committee on Governance and Finance. Validations.

This bill would enact the Third Validating Act of 2022, which would validate the organization, boundaries, acts, proceedings, and bonds of the state and counties, cities, and specified districts, agencies, and entities.

Vote: majority Appropriation: no Fiscal Committee: no Local Program: no

THE PEOPLE OF THE STATE OF CALIFORNIA DO ENACT AS FOLLOWS:

SECTION 1. This act shall be known, and may be cited, as the Third Validating Act of 2022.

SEC. 2. As used in this act:

(a) "Public body" means all of the following:

(1) The state and all departments, agencies, boards, commissions, and authorities of the state. Except as provided in paragraph (2), "public body" also means all cities, counties, cities and counties, districts, authorities, agencies, boards, commissions, and other entities, whether created by a general statute or a special act, including, but not limited to, the following:

Agencies, boards, commissions, or entities constituted or provided for under or pursuant to the Joint Exercise of Powers Act (Chapter 5 (commencing with Section 6500) of Division 7 of Title 1 of the Government Code).

Affordable housing authorities.

Air pollution control districts of any kind.

Air quality management districts.

Airport districts.

Assessment districts, benefit assessment districts, and special assessment districts of any public body.

Bridge and highway districts.

California water districts.

Citrus pest control districts.

City maintenance districts.

Community college districts.

Community development commissions in their capacity to act as a housing authority for other community development purposes of the jurisdiction in which the commission operates, except for any action taken with respect to the commission's authority to act as a community redevelopment agency.

Community facilities districts.

Community rehabilitation districts.

Community revitalization and investment authorities.

Community services districts.

Conservancy districts.

Cotton pest abatement districts.

County boards of education.

County drainage districts.

County flood control and water districts.

County free library systems.

County maintenance districts.

County sanitation districts.

County service areas.

County transportation commissions.

County water agencies.

County water authorities.

County water districts.

County waterworks districts.

Department of Water Resources and other agencies acting pursuant to Part 3 (commencing with Section 11100) of Division 6 of the Water Code.

Distribution districts of any public body.

Districts acting pursuant to Section 53395.82 of the Government Code.

Drainage districts.

Enhanced infrastructure financing districts.

Fire protection districts.

Flood control and water conservation districts.

Flood control districts.

Garbage and refuse disposal districts.

Garbage disposal districts.

Geologic hazard abatement districts.

Harbor districts.

Harbor improvement districts.

Harbor, recreation, and conservation districts.

Health care authorities.

Highway districts.

Highway interchange districts.

Highway lighting districts.

Housing authorities.

Improvement districts or improvement areas of any public body.

Industrial development authorities.

Infrastructure financing districts.

Integrated financing districts.

Irrigation districts.

Joint highway districts.

Levee districts.

Library districts.

Library districts in unincorporated towns and villages.

Local agency formation commissions.

Local health care districts.

Local health districts.

Local hospital districts.

Local transportation authorities or commissions.

Maintenance districts.

Memorial districts.

Metropolitan transportation commissions.

Metropolitan water districts.

Mosquito abatement and vector control districts.

Multifamily improvement districts.

Municipal improvement districts.

Municipal utility districts.

Municipal water districts.

Nonprofit corporations.

Nonprofit public benefit corporations.

Open-space maintenance districts.

Parking and business improvement areas.

Parking authorities.

Parking districts.

Permanent road divisions.

Pest abatement districts.

Police protection districts.

Port districts.

Property and business improvement areas.

Protection districts.

Public cemetery districts.

Public utility districts.

Rapid transit districts.

Reclamation districts.

Recreation and park districts.

Regional justice facility financing agencies.

Regional park and open-space districts.

Regional planning districts.

Regional transportation commissions.

Resort improvement districts.

Resource conservation districts.

River port districts.

Road maintenance districts.

Sanitary districts.

School districts of any kind or class.

School facilities improvement districts.

Separation of grade districts.

Service authorities for freeway emergencies.

Sewer districts.

Sewer maintenance districts.

Small craft harbor districts.

Special municipal tax districts.

Stone and pome fruit pest control districts.

Storm drain maintenance districts.

Storm drainage districts.

Storm drainage maintenance districts.

Storm water districts.

Toll tunnel authorities.

Traffic authorities.

Transit development boards.

Transit districts.

Unified and union school districts' public libraries.

Vehicle parking districts.

Water agencies.

Water authorities.

Water conservation districts.

Water districts.

Water replenishment districts.

Water storage districts.

Watermaster districts.

Wine grape pest and disease control districts.

Zones, improvement zones, or service zones of any public body.

(2) Notwithstanding paragraph (1), a "public body" does not include any of the following:

(A) A community redevelopment agency formed pursuant to the Community Redevelopment Law (Part 1 (commencing with Section 33000) of Division 24 of the Health and Safety Code).

(B) A community development commission, with respect to its exercise of the powers of a community redevelopment agency.

(C) A joint powers authority that includes a community redevelopment agency or a community development commission as a member, with respect to its exercise of the powers of a community redevelopment agency.

(3) "Public body" includes both of the following:

(A) The successor agency to the Redevelopment Agency of the City and County of San Francisco, solely for the purpose of issuing bonds or incurring other indebtedness pursuant to the provisions of Section 34177.7 of the Health and Safety Code.

(B) A successor agency, as defined in subdivision (j) of Section 34171 of the Health and Safety Code, solely for the purpose of issuing bonds or incurring other indebtedness pursuant to the provisions of Section 34177.5 of the Health and Safety Code.

(b) "Bonds" means all instruments evidencing an indebtedness of a public body incurred or to be incurred for any public purpose, all leases, installment purchase agreements, or similar agreements wherein the obligor is one or more public bodies, all instruments evidencing the borrowing of money in anticipation of taxes, revenues, or other income of that body, all instruments payable from revenues or special funds of those public bodies, all certificates of participation evidencing interests in the leases, installment purchase agreements, or similar agreements, and all instruments funding, refunding, replacing, or amending any thereof or any indebtedness.

(c) "Hereafter" means any time subsequent to the effective date of this act.

(d) "Heretofore" means any time prior to the effective date of this act.

(e) "Now" means the effective date of this act.

SEC. 3. All public bodies heretofore organized or existing under any law, or under color of any law, are hereby declared to have been legally organized and to be legally functioning as those public bodies. Every public body, heretofore described, shall have all the rights, powers, and privileges, and be subject to all the duties and obligations, of those public bodies regularly formed pursuant to law.

SEC. 4. The boundaries of every public body as heretofore established, defined, or recorded, or as heretofore actually shown on maps or plats used by the assessor, are hereby confirmed, validated, and declared legally established.

SEC. 5. All acts and proceedings heretofore taken by any public body or bodies under any law, or under color of any law, for the annexation or inclusion of territory into those public bodies or for the annexation of those public bodies to any other public body or for the detachment, withdrawal, or exclusion of territory from any public body or for the consolidation, merger, or dissolution of any public bodies are hereby confirmed, validated, and declared legally effective. This shall include all acts and proceedings of the governing board of any public body and of any person, public officer, board, or agency heretofore done or taken upon the question of the annexation or inclusion or of the withdrawal or exclusion of territory or the consolidation, merger, or dissolution of those public bodies.

SEC. 6. (a) All acts and proceedings heretofore taken by or on behalf of any public body under any law, or under color of any law, for, or in connection with, the authorization, issuance, sale, execution, delivery, or exchange of bonds of any public body for any public purpose are hereby authorized, confirmed, validated, and declared legally effective. This shall include all acts and proceedings of the governing board of public bodies and of any person, public officer, board, or agency heretofore done or taken upon the question of the authorization, issuance, sale, execution, delivery, or exchange of bonds.

(b) All bonds of, or relating to, any public body heretofore issued shall be, in the form and manner issued and delivered, the legal, valid, and binding obligations of the public body. All bonds of, or relating to, any public body heretofore awarded and sold to a purchaser and hereafter issued and delivered in accordance with the contract of sale and other proceedings for the award and sale shall be the legal, valid, and binding obligations of the public body. All bonds of, or relating to, any public body heretofore authorized to be issued by ordinance, resolution, order, or other action adopted or taken by or on behalf of the public body and hereafter issued and delivered in accordance with that authorization shall be the legal, valid, and binding obligations of the public body. All bonds of, or relating to, any public body heretofore authorized to be issued at an election and hereafter issued and delivered in accordance with that authorization shall be the legal, valid, and binding obligations of the public body. Whenever an election has heretofore been called for the purpose of submitting to the voters of any public body the question of issuing bonds for any public purpose, those bonds, if hereafter authorized by the required vote and in accordance with the proceedings heretofore taken, and issued and delivered in accordance with that authorization, shall be the legal, valid, and binding obligations of the public body.

SEC. 7. (a) This act shall operate to supply legislative authorization as may be necessary to authorize, confirm, and validate any acts and proceedings heretofore taken pursuant to authority the Legislature could have supplied or provided for in the law under which those acts or proceedings were taken.

(b) This act shall be limited to the validation of acts and proceedings to the extent that the same can be effectuated under the California Constitution and the United States Constitution.

(c) This act shall not operate to authorize, confirm, validate, or legalize any act, proceeding, or other matter being legally contested or inquired into in any legal proceeding now pending and undetermined or that is pending and undetermined during the period of 30 days from and after the effective date of this act.

(d) This act shall not operate to authorize, confirm, validate, or legalize any act, proceeding, or other matter that has heretofore been determined in any legal proceeding to be illegal, void, or ineffective.

(e) This act shall not operate to authorize, confirm, validate, or legalize a contract between any public body and the United States.

SEC. 8. Any action or proceeding contesting the validity of any action or proceeding heretofore taken under any law, or under color of any law, for the formation, organization, or incorporation of any public body, or for any annexation thereto, detachment or exclusion therefrom, or other change of boundaries thereof, or for the consolidation, merger, or dissolution of any public bodies, or for, or in connection with, the authorization, issuance, sale, execution, delivery, or exchange of bonds thereof upon any ground involving any alleged defect or illegality not effectively validated by the prior provisions of this act and not otherwise barred by any statute of limitations or by laches shall be commenced within six months of the effective date of this act, otherwise each

and all of those matters shall be held to be valid and in every respect legal and incontestable. This act shall not extend the period allowed for legal action beyond the period that it would be barred by any presently existing valid statute of limitations.

SEC. 9. Nothing contained in this act shall be construed to render the creation of any public body, or any change in the boundaries of any public body, effective for purposes of assessment or taxation unless the statement, together with the map or plat, required to be filed pursuant to Chapter 8 (commencing with Section 54900) of Part 1 of Division 2 of Title 5 of the Government Code, is filed within the time and substantially in the manner required by those sections.



SB-938 The Cortese-Knox-Hertzberg Local Government Reorganization Act of 2000: protest proceedings: procedural consolidation. (

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AMENDED IN SENATE APRIL 04, 2022

AMENDED IN SENATE MARCH 24, 2022

CALIFORNIA LEGISLATURE—2021–2022 REGULAR SESSION

SENATE BILL

NO. 938

**Introduced by Senator Hertzberg
(Coauthor: Assembly Member Mayes)**

February 08, 2022

An act to amend Sections 56375, 56824.14, 57002, 57075, 57077.1, 57077.2, 57077.3, 57077.4, and 57090 of, to add Sections 56375.1, 57077.5, and 57077.6 to, to add Chapter 4.5 (commencing with Section 57091) to Part 4 of Division 3 of Title 5 of, and to repeal Sections 57076, 57107, and 57113 of, the Government Code, and to amend Section 116687 of the Health and Safety Code, relating to local government.

LEGISLATIVE COUNSEL'S DIGEST

SB 938, as amended, Hertzberg. The Cortese-Knox-Hertzberg Local Government Reorganization Act of 2000: protest proceedings: procedural consolidation.

Existing law, 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 cities and districts, except as specified. Under existing law, in each county there is a local agency formation commission (commission) that oversees these changes of organization and reorganization. Existing law authorizes a commission to dissolve an inactive district if specified conditions are satisfied.

This bill would also authorize a commission to initiate a proposal for the dissolution of a ~~district~~ *district, as described*, if the commission approves, adopts, or accepts a specified study that includes a finding, based on a preponderance of the evidence, that, among other things, the district has one or more documented chronic service provision deficiencies, the district spent public funds in an unlawful or reckless manner, or the district has shown willful neglect by failing to consistently adhere to the California Public Records Act. The bill would require the commission to adopt a resolution of intent to initiate a dissolution based on these provisions and to provide a remediation period of at least 12 months, during which the district may take steps to remedy the stated deficiencies. The bill would authorize the commission, at the conclusion of the remediation period, to find that the district has failed to remedy the deficiencies and adopt a resolution to dissolve the district.

With a specified exception, existing law provides for protest proceedings for a change of organization or reorganization following adoption of a resolution making certain determinations by the commission, as provided. Existing law sets forth required procedures for the commission following a protest hearing depending on the nature of the conducting authority, as defined, the type of change of organization or reorganization, and the results of the protest proceeding.

The bill would reorganize and consolidate the above-described procedures. The bill would make conforming changes and remove obsolete provisions.

Vote: majority Appropriation: no Fiscal Committee: no Local Program: no

THE PEOPLE OF THE STATE OF CALIFORNIA DO ENACT AS FOLLOWS:

SECTION 1. Section 56375 of the Government Code is amended to read:

56375. The commission shall have all of the following powers and duties subject to any limitations upon its jurisdiction set forth in this part:

(a) (1) To review and approve with or without amendment, wholly, partially, or conditionally, or disapprove proposals for changes of organization or reorganization, consistent with written policies, procedures, and guidelines adopted by the commission.

(2) The commission may initiate proposals by resolution of application for any of the following:

(A) The consolidation of a district, as defined in Section 56036.

(B) The dissolution of a district.

(C) A merger.

(D) The establishment of a subsidiary district.

(E) The formation of a new district or districts.

(F) A reorganization that includes any of the changes specified in subparagraph (A), (B), (C), (D), or (E).

(G) The dissolution of an inactive district pursuant to Section 56879.

(H) The dissolution of a district pursuant to Section 56375.1.

(3) A commission may initiate a proposal described in paragraph (2) only if that change of organization or reorganization is consistent with a recommendation or conclusion of a study prepared pursuant to Section 56378, 56425, or 56430, and the commission makes the determinations specified in subdivision (b) of Section 56881.

(4) A commission shall not disapprove an annexation to a city, initiated by resolution, of contiguous territory that the commission finds is any of the following:

(A) Surrounded or substantially surrounded by the city to which the annexation is proposed or by that city and a county boundary or the Pacific Ocean if the territory to be annexed is substantially developed or developing, is not prime agricultural land as defined in Section 56064, is designated for urban growth by the general plan of the annexing city, and is not within the sphere of influence of another city.

(B) Located within an urban service area that has been delineated and adopted by a commission, which is not prime agricultural land, as defined by Section 56064, and is designated for urban growth by the general plan of the annexing city.

(C) An annexation or reorganization of unincorporated islands meeting the requirements of Section 56375.3.

(5) As a condition to the annexation of an area that is surrounded, or substantially surrounded, by the city to which the annexation is proposed, the commission may require, where consistent with the purposes of this division, that the annexation include the entire island of surrounded, or substantially surrounded, territory.

(6) A commission shall not impose any conditions that would directly regulate land use density or intensity, property development, or subdivision requirements.

(7) The decision of the commission with regard to a proposal to annex territory to a city shall be based upon the general plan and rezoning of the city. When the development purposes are not made known to the annexing city, the annexation shall be reviewed on the basis of the adopted plans and policies of the annexing city or county. A commission shall require, as a condition to annexation, that a city prezone the territory to be annexed or present evidence satisfactory to the commission that the existing development entitlements on the territory are vested or are already at build-out, and are consistent with the city's general plan. However, the commission shall not specify how, or in what manner, the territory shall be zoned.

(8) (A) Except for those changes of organization or reorganization authorized under Section 56375.3, and except as provided by subparagraph (B), a commission shall not approve an annexation to a city of any territory greater than 10 acres, or smaller as determined by commission policy, where there exists a disadvantaged unincorporated community that is contiguous to the area of proposed annexation, unless an application to annex the disadvantaged unincorporated community to the subject city has been filed with the executive officer.

(B) An application to annex a contiguous disadvantaged unincorporated community shall not be required if either of the following apply:

(i) A prior application for annexation of the same disadvantaged unincorporated community has been made in the preceding five years.

(ii) The commission finds, based upon written evidence, that a majority of the registered voters within the affected territory are opposed to annexation.

(C) This paragraph shall also apply to the annexation of two or more contiguous areas that take place within five years of each other and that are individually less than 10 acres but cumulatively more than 10 acres.

(b) With regard to a proposal for annexation or detachment of territory to, or from, a city or district or with regard to a proposal for reorganization that includes annexation or detachment, to determine whether territory proposed for annexation or detachment, as described in its resolution approving the annexation, detachment, or reorganization, is inhabited or uninhabited.

(c) With regard to a proposal for consolidation of two or more cities or districts, to determine which city or district shall be the consolidated successor city or district.

(d) To approve the annexation of unincorporated, noncontiguous territory, subject to the limitations of Section 56742, located in the same county as that in which the city is located, and that is owned by a city and used for municipal purposes and to authorize the annexation of the territory without notice and hearing.

(e) To approve the annexation of unincorporated territory consistent with the planned and probable use of the property based upon the review of general plan and rezoning designations. No subsequent change may be made to the general plan for the annexed territory or zoning that is not in conformance to the rezoning designations for a period of two years after the completion of the annexation, unless the legislative body for the city makes a finding at a public hearing with written notice provided no less than 21 days to the commission that a substantial change has occurred in circumstances that necessitate a departure from the rezoning in the application to the commission.

(f) With respect to the incorporation of a new city or the formation of a new special district, to determine the number of registered voters residing within the proposed city or special district or, for a landowner-voter special district, the number of owners of land and the assessed value of their land within the territory proposed to be included in the new special district. The number of registered voters shall be calculated as of the time of the last report of voter registration by the county elections official to the Secretary of State prior to the date the first signature was affixed to the petition. The executive officer shall notify the petitioners of the number of registered voters resulting from this calculation. The assessed value of the land within the territory proposed to be included in a new landowner-voter special district shall be calculated as shown on the last equalized assessment roll.

(g) To adopt written procedures for the evaluation of proposals, including written definitions consistent with existing state law. The commission may adopt standards for any of the factors enumerated in Section 56668. Any standards adopted by the commission shall be written.

(h) To adopt standards and procedures for the evaluation of service plans submitted pursuant to Section 56653 and the initiation of a change of organization or reorganization pursuant to subdivision (a).

(i) To make and enforce regulations for the orderly and fair conduct of hearings by the commission.

(j) To incur usual and necessary expenses for the accomplishment of its functions.

(k) To appoint and assign staff personnel and to employ or contract for professional or consulting services to carry out and effect the functions of the commission.

(l) To review the boundaries of the territory involved in any proposal with respect to the definiteness and certainty of those boundaries, the nonconformance of proposed boundaries with lines of assessment or ownership, and other similar matters affecting the proposed boundaries.

(m) To waive the restrictions of Section 56744 if it finds that the application of the restrictions would be detrimental to the orderly development of the community and that the area that would be enclosed by the annexation or incorporation is so located that it cannot reasonably be annexed to another city or incorporated as a new city.

(n) To waive the application of Section 22613 of the Streets and Highways Code if it finds the application would deprive an area of a service needed to ensure the health, safety, or welfare of the residents of the area and if it finds that the waiver would not affect the ability of a city to provide any service. However, within 60 days of the inclusion of the territory within the city, the legislative body may adopt a resolution nullifying the waiver.

(o) If the proposal includes the incorporation of a city, as defined in Section 56043, or the formation of a district, as defined in Section 2215 of the Revenue and Taxation Code, the commission shall determine the property tax revenue to be exchanged by the affected local agencies pursuant to Section 56810. If the proposal includes the disincorporation of a city, as defined in Section 56034, the commission shall determine the property tax revenue to be exchanged by the affected local agencies pursuant to Section 56813.

(p) To authorize a city or district to provide new or extended services outside its jurisdictional boundaries pursuant to Section 56133.

(q) To enter into an agreement with the commission for an adjoining county for the purpose of determining procedures for the consideration of proposals that may affect the adjoining county or where the jurisdiction of an affected agency crosses the boundary of the adjoining county.

(r) To approve with or without amendment, wholly, partially, or conditionally, or disapprove pursuant to this section the annexation of territory served by a mutual water company formed pursuant to Part 7 (commencing with Section 14300) of Division 3 of Title 1 of the Corporations Code that operates a public water system to a city or special district. Any annexation approved in accordance with this subdivision shall be subject to the state and federal constitutional prohibitions against the taking of private property without the payment of just compensation. This subdivision shall not impair the authority of a public agency or public utility to exercise eminent domain authority.

SEC. 2. Section 56375.1 is added to the Government Code, to read:

56375.1. (a) A commission may initiate a proposal for the dissolution of a district *that is eligible for the protest threshold under Section 57093* if both of the following conditions are satisfied:

(1) At a public hearing for which notice has been published and posted, the commission approves, adopts, or accepts a study prepared pursuant to Section 56430 that includes a finding, based on a preponderance of the evidence, that one or more of the following conditions is met:

(A) The district has one or more documented chronic service provision deficiencies that substantially deviate from industry or trade association standards or other government regulations and its board or management is not actively engaged in efforts to remediate the documented service deficiencies.

(B) The district spent public funds in an unlawful or reckless manner inconsistent with the principal act or other statute governing the district and has not taken any action to prevent similar future spending.

(C) The district has shown willful neglect by failing to consistently adhere to the California Public Records Act (Division 10 (commencing with Section 7920.000) of Title 1) and other public disclosure laws to which the agency is subject.

(D) The district has failed to meet the minimum number of times required in its principal act in the prior calendar year and has taken no action to remediate the failures to ensure future meetings are conducted on a timely basis.

(E) The district has consistently failed to perform timely audits in the prior three years, or failed to meet minimum financial requirements under Section 26909 over the prior five years as an alternative to performing an audit.

(F) The district's recent annual audits show chronic issues with the district's fiscal controls and the district has taken no action to remediate the issues.

(2) (A) At a public hearing for which notice has been published and posted, the commission adopts a resolution of intent to initiate dissolution based on one or more of the required findings in paragraph (1). The resolution shall provide a remediation period of not less than 12 months during which the district may take steps to remedy the specified deficiencies and also specify a date upon which the district shall provide the commission a mid-point report on such remediation efforts at a regularly scheduled commission meeting.

(B) At the conclusion of the remediation period, at a public hearing for which notice has been published and posted, the commission shall take one of the following actions:

(i) If the commission finds the district has adequately remedied the deficiencies, the commission shall rescind the notice of ~~intents~~ *intent* to initiate dissolution and no further action is required.

(ii) If the ~~commissions~~ *commission* finds that the district has failed to remedy the deficiencies, the commission may adopt a resolution to dissolve the district making the determinations in paragraph (1) and in subdivision (b) of Section 56881.

(b) (1) Any public notice required pursuant to this section shall be published and posted pursuant to Chapter 4 (commencing with Section 56150) of Part 1.

(2) The public hearings required under subdivision (a) may be combined into a single public hearing for which notice has been published and posted.

(c) The commission's power to initiate dissolution of a district pursuant to this section is separate from and in addition to the commission's power to initiate dissolution pursuant to subparagraphs (B) and (G) of paragraph (2) of subdivision (a) of Section 56375.

SEC. 3. Section 56824.14 of the Government Code is amended to read:

56824.14. (a) The commission shall review and approve with or without amendments, wholly, partially, or conditionally, or disapprove proposals for the establishment of new or different functions or class of services, or the divestiture of the power to provide particular functions or class of services, within all or part of the jurisdictional boundaries of a special district, after a public hearing called and held for that purpose. The commission shall not approve a proposal for the establishment of new or different functions or class of services within the jurisdictional boundaries of a special district unless the commission determines that the special district will have sufficient revenues to carry out the proposed new or different functions or class of services except as specified in paragraph (1).

(1) The commission may approve a proposal for the establishment of new or different functions or class of services within the jurisdictional boundaries of a special district where the commission has determined that the special district will not have sufficient revenue to provide the proposed new or different functions or class of services, if the commission conditions its approval on the concurrent approval of sufficient revenue sources pursuant to Section 56886. In approving a proposal, the commission shall provide that if the revenue sources pursuant to Section 56886 are not approved, the authority of the special district to provide new or different functions or class of services shall not be established.

(2) Unless otherwise required by the principal act of the subject special district, or unless otherwise required by Section 57075, the approval by the commission for establishment of new or different functions or class of services, or the divestiture of the power to provide particular functions or class of services, shall not be subject to an election.

(b) At least 21 days prior to the date of that hearing, the executive officer shall give mailed notice of the hearing to each affected local agency or affected county, and to any interested party who has filed a written request for notice with the executive officer. In addition, at least 21 days prior to the date of that hearing, the executive officer shall cause notice of the hearing to be published in accordance with Section 56153 in a newspaper of general circulation that is circulated within the territory affected by the proposal proposed to be adopted.

(c) The commission may continue from time to time any hearing called pursuant to this section. The commission shall hear and consider oral or written testimony presented by any affected local agency, affected county, or any interested person who appears at any hearing called and held pursuant to this section.

SEC. 4. Section 57002 of the Government Code is amended to read:

57002. (a) Within 35 days following the adoption of the commission's resolution making determinations, the executive officer of the commission shall set the proposal for hearing and give notice of that hearing by mailing, publication, and posting, as provided in Chapter 4 (commencing with Section 56150) of Part 1. The hearing shall not be held prior to the expiration of the reconsideration period specified in subdivision (b) of Section 56895. The date of that hearing shall not be less than 21 days, or more than 60 days, after the date the notice is given.

(b) Where the proceeding is for the establishment of a district as a subsidiary district of a city, upon the request of the affected district, the date of the hearing shall be at least 90 days, but no more than 135 days, from the date the notice is given.

(c) Where the proceeding is for the dissolution of a district initiated by the commission pursuant to Section 56375.1, the date of the hearing shall be at least 60 days, but no more than 90 days, from the date the notice is given.

(d) If authorized by the commission pursuant to Section 56662 or 56663, a change of organization or reorganization may be approved without notice, hearing, and election.

SEC. 5. Section 57075 of the Government Code is amended to read:

57075. Where a change of organization or reorganization consists solely of annexations, detachments, the exercise of new or different functions or class of services or the divestiture of the power to provide particular functions or class of services within all or part of the jurisdictional boundaries of a special district, or any combination of those proposals, the commission, not more than 30 days after the conclusion of the hearing, shall make a finding regarding the value of written protests filed and not withdrawn, and take the action set forth in either subdivision (a) of Section 57091, in the case of registered voter districts or cities, or subdivision (b) of Section 57091, in the case of landowner-voter districts.

SEC. 6. Section 57076 of the Government Code is repealed.

SEC. 7. Section 57077.1 of the Government Code is amended to read:

57077.1. (a) If a change of organization consists of a dissolution, the commission shall order the dissolution without confirmation of the voters, except if the proposal meets the requirements of subdivision (b), the commission shall order the dissolution subject to confirmation of the voters.

(b) The commission shall order the dissolution subject to the confirmation of the voters as follows:

(1) If the proposal was not initiated by the commission, and if a subject agency has not objected by resolution to the proposal, the commission has found that protests meet the applicable protest thresholds set forth in Section 57093.

(2) If the proposal was not initiated by the commission, and if a subject agency has objected by resolution to the proposal, written protests have been submitted that meet the applicable protest thresholds set forth in Section 57094.

(3) Except as provided in paragraph (4), if the proposal was initiated by the commission, and regardless of whether a subject agency has objected to the proposal by resolution, written protests have been submitted that meet the requirements of Section 57094.

(4) If the proposal was initiated by the commission pursuant to Section 56375.1, and regardless of whether a subject agency has objected to the proposal by resolution, written protests have been submitted that meet the requirements of Section 57093.

(c) Notwithstanding subdivisions (a) and (b) and Sections 57102 and 57103, if a change of organization consists of a district that is consistent with a prior action of the commission pursuant to Section 56378, 56425, or 56430, the commission may do either of the following:

(1) If the dissolution is initiated by the district board, immediately approve and order the dissolution without an election or protest proceedings pursuant to this part.

(2) If the dissolution is initiated by an affected local agency, by the commission pursuant to Section 56375, or by petition pursuant to Section 56650, order the dissolution after holding at least one noticed public hearing, and after conducting protest proceedings in accordance with this part. Notwithstanding any other law, the commission shall terminate proceedings if a majority protest exists in accordance with Section 57078. If a majority protest is not found, the commission shall order the dissolution without an election.

SEC. 8. Section 57077.2 of the Government Code is amended to read:

57077.2. (a) If the change of organization consists of a consolidation of two or more districts, the commission shall order the consolidation without confirmation by the voters, except that if the proposal meets the requirements of subdivision (b), the commission shall order the consolidation subject to confirmation of the voters.

(b) The commission shall order the consolidation subject to the confirmation of the voters as follows:

(1) If the commission has approved a proposal submitted by resolution of a majority of the members of the legislative bodies of two or more local agencies pursuant to Section 56853, and the commission has found that protests meet the applicable protest thresholds set forth in Section 57093.

(2) If the commission has approved a proposal not initiated by the commission and if a subject agency has not objected by resolution to the proposal, written protests have been submitted that meet the applicable protest thresholds set forth in Section 57093.

(3) If the proposal was not initiated by the commission, and if a subject agency has objected by resolution to the proposal, written protests have been submitted that meet one of the protest thresholds set forth in Section 57094.

(4) If the commission has approved a proposal initiated by the commission, and regardless of whether a subject agency has objected to the proposal by resolution, written protests have been submitted that meet the requirements of Section 57077.6.

SEC. 9. Section 57077.3 of the Government Code is amended to read:

57077.3. (a) If a proposal consists of a reorganization not described in Section 57075, 57077, 57077.4, or 57111, the commission shall order the reorganization without confirmation by the voters except that if the reorganization meets the requirements of subdivision (b), the commission shall order the reorganization subject to confirmation of the voters.

(b) The commission shall order the reorganization subject to confirmation of the voters as follows:

(1) If the commission has approved a proposal submitted by resolution of a majority of the members of the legislative bodies of two or more local agencies pursuant to Section 56853, and the commission has found that protests meet the applicable protest thresholds set forth in Section 57093.

(2) If the commission has approved a proposal not initiated by the commission, and if a subject agency has not objected by resolution to the proposal, a written protest has been submitted that meets the applicable protest thresholds set forth in Section 57093.

(3) If the commission has approved a proposal not initiated by the commission, and if a subject agency has objected by resolution to the proposal, written protests have been submitted that meet one of the protest thresholds set forth in Section 57094.

(4) If the commission has approved a proposal initiated by the commission, and regardless of whether a subject agency has objected to the proposal by resolution, written protests have been submitted that meet the requirements of Section 57077.6.

SEC. 10. Section 57077.4 of the Government Code is amended to read:

57077.4. (a) If a reorganization consists of the dissolution of one or more districts and the annexation of all or substantially all the territory to another district not initiated pursuant to Section 56853 or by the commission pursuant to Section 56375, the commission shall order the reorganization without confirmation by the voters except that if the reorganization meets the requirements of subdivision (b) or (c), the commission shall order the reorganization subject to confirmation by the voters.

(b) The commission shall order the reorganization subject to confirmation by the voters, if written protests have been submitted that meet the applicable protest thresholds set forth in Section 57094.

(c) The commission shall order the reorganization subject to confirmation by the voters if the reorganization has been initiated by the commission pursuant to Section 56375 and protests have been submitted that meet the requirements of Section 57077.6.

SEC. 11. Section 57077.5 is added to the Government Code, to read:

57077.5. (a) In any resolution ordering a merger or establishment of a subsidiary district, the commission shall approve the change of organization without an election except that if the change of organization meets the requirements of subdivision (b), the commission shall order the change of organization subject to confirmation of the voters.

(b) The commission shall order the change of organization subject to confirmation of the voters within any subject agency as follows:

(1) If the proposal was not initiated by the commission, and if a subject agency has not objected by resolution to the proposal, the commission has found that protests meet the applicable protest thresholds set forth in Section 57093.

(2) If the proposal was not initiated by the commission, and if a subject agency has objected by resolution to the proposal, written protests have been submitted that meet the applicable protest thresholds set forth in Section 57094.

(3) If the proposal was initiated by the commission, and regardless of whether a subject agency has objected to the proposal by resolution, written protests have been submitted that meet the requirements of Section 57077.6.

(c) Notwithstanding subdivision (a) or (b), the commission shall not order the merger or establishment of a subsidiary district without the consent of the subject city.

SEC. 12. Section 57077.6 is added to the Government Code, to read:

57077.6. Notwithstanding Section 57102, 57108, or 57111, both of the following shall apply:

(a) For any proposal that was initiated by the commission pursuant to Section 56375.1, the commission shall forward the change of organization or reorganization for confirmation by the voters if the commission finds written protests have been submitted that meet the applicable protest thresholds set forth in Section ~~57094~~. **57093**.

(b) For any proposal that was initiated by the commission pursuant to subparagraphs (A) through (G), inclusive, of paragraph (2) of subdivision (a) of Section 56375, the commission shall forward the change of organization or reorganization for confirmation by the voters if the commission finds written protests have been submitted that meet the applicable protest thresholds set forth in Section 57094.

SEC. 13. Section 57090 of the Government Code is amended to read:

57090. (a) Except as otherwise provided in subdivision (b), if proceedings are terminated, either by majority protest as provided in Sections 57075 and 57077, or if a majority of voters do not confirm the change of organization or reorganization as provided in Section 57179, no substantially similar proposal for a change of organization or reorganization of the same or substantially the same territory may be filed with the commission within two years after the date of the certificate of termination if the proposal included an incorporation or city consolidation and within one year for any other change of organization or reorganization.

(b) The commission may waive the requirements of subdivision (a) if it finds these requirements are detrimental to the public interest.

SEC. 14. Chapter 4.5 (commencing with Section 57091) is added to Part 4 of Division 3 of Title 5 of the Government Code, to read:

CHAPTER 4.5. Protest Thresholds

57091. (a) For purposes of Section 57075, relating to annexations, detachments, and latent powers, in the case of registered voter districts or cities:

(1) For inhabited territory, the commission shall take one of the following actions:

(A) Terminate proceedings if a majority protest exists in accordance with Section 57078.

(B) Order the change of organization or reorganization subject to confirmation by the registered voters residing within the affected territory if written protests have been filed and not withdrawn by either of the following:

(i) At least 25 percent, but less than 50 percent, of the registered voters residing in the affected territory.

(ii) At least 25 percent of the number of owners of land who also own at least 25 percent of the assessed value of land within the affected territory.

(C) Order the change of organization or reorganization without an election if subparagraphs (A) and (B) of this paragraph do not apply.

(2) For uninhabited territory, the commission shall take either of the following actions:

(A) Terminate proceedings if a majority protest exists in accordance with Section 57078.

(B) Order the change of organization or reorganization if written protests have been filed and not withdrawn by owners of land who own less than 50 percent of the total assessed value of land within the affected territory.

(b) For purposes of Section 57075, in the case of landowner-voter districts, the commission shall take one of the following actions:

(1) Terminate proceedings if a majority protest exists in accordance with Section 57078.

(2) Order the change of organization or reorganization subject to an election within the affected territory if written protests that have been filed and not withdrawn represent either of the following:

(A) Twenty-five percent or more of the number of owners of land who also own 25 percent or more of the assessed value of land within the affected territory.

(B) Twenty-five percent or more of the voting power of landowner voters entitled to vote as a result of owning property within the affected territory.

(3) Order the change of organization or reorganization without an election if written protests have been filed and not withdrawn by less than 25 percent of the number of owners of land who own less than 25 percent of the assessed value of land within the affected territory.

57092. For purposes of Sections 57077.1, relating to dissolution, 57077.2, relating to consolidation, 57077.3, relating to reorganization, 57077.4, relating to dissolution and annexation, and 57077.5, relating to merger or establishment of a subsidiary district, the following protest thresholds shall apply:

(a) In the case of inhabited territory, protests have been signed by either of the following:

(1) At least 25 percent of the number of landowners within the affected territory who own at least 25 percent of the assessed value of land within the affected territory.

(2) At least 25 percent of the voters entitled to vote as a result of residing within, or owning land within, the affected territory.

(b) In the case of a landowner-voter district, that the territory is uninhabited and that protests have been signed by at least 25 percent of the number of landowners within the affected territory owning at least 25 percent of the assessed value of land within the affected territory.

57093. For proposals not initiated by the commission and where a subject agency has objected by resolution to the proposal, for purposes of Sections 57077.1, relating to dissolution, 57077.2, relating to consolidation, 57077.3, relating to reorganization, 57077.4, relating to dissolution and annexation, and 57077.5, relating to merger or establishment of a subsidiary district, the following protest thresholds shall apply:

(a) In the case of inhabited territory, protests have been signed by either of the following:

(1) At least 25 percent of the number of landowners within any subject agency within the affected territory who own at least 25 percent of the assessed value of land within the affected territory.

(2) At least 25 percent of the voters entitled to vote as a result of residing within, or owning land within, any subject agency within the affected territory.

(b) In the case of a landowner-voter district, that the territory is uninhabited and protests have been signed by at least 25 percent of the number of landowners within any subject agency within the affected territory, owning at least 25 percent of the assessed value of land within the subject agency.

57094. For purposes of Section 57077.6, relating to proposals initiated by the commission, the following protest thresholds shall apply:

(a) In the case of inhabited territory, protests have been signed by either of the following:

(1) At least 10 percent of the number of landowners within any subject agency within the affected territory who own at least 10 percent of the assessed value of land within the territory. However, if the number of landowners within a subject agency is less than 300, the protests shall be signed by at least 25 percent of the landowners who own at least 25 percent of the assessed value of land within the affected territory of the subject agency.

(2) At least 10 percent of the voters entitled to vote as a result of residing within, or owning land within, any subject agency within the affected territory. However, if the number of voters entitled to vote within a subject agency is less than 300, the protests shall be signed by at least 25 percent of the voters entitled to vote.

(b) In the case of a landowner-voter district, the territory is uninhabited and protests have been signed by at least 10 percent of the number of landowners within any subject agency within the affected territory, who own at least 10 percent of the assessed value of land within the territory. However, if the number of landowners entitled to vote within a subject agency is less than 300, protests shall be signed by at least 25 percent of the landowners entitled to vote.

SEC. 15. Section 57107 of the Government Code is repealed.

SEC. 16. Section 57113 of the Government Code is repealed.

SEC. 17. Section 116687 of the Health and Safety Code is amended to read:

116687. (a) For purposes of this section, the following terms have the following meanings:

(1) "District" means the Sativa-Los Angeles County Water District.

(2) "Commission" means the Local Agency Formation Commission for the County of Los Angeles.

(b) To provide affordable, safe drinking water to disadvantaged communities, the state board shall order the district to accept administrative and managerial services, including full management and control, from an administrator selected by the state board, as prescribed in Section 116686, except that the state board is not required to conduct a public meeting as described in paragraph (2) of subdivision (b) of Section 116686.

(c) (1) Upon the appointment of an administrator, all of the following apply:

(A) Notwithstanding Article 1 (commencing with Section 30500) of Chapter 1 of Part 3 of Division 12 of the Water Code, the district's board of directors shall surrender all control to the appointed administrator and shall thereafter cease to exist.

(B) The members of the board of directors of the district shall have no standing to represent the district's ratepayers, and a member of the board of directors shall have no claim for benefits other than those the member actually received while a member of the board of directors.

(C) Any action by the board of directors to divest the district of its assets shall be deemed tampering with a public water system pursuant to Section 116750 and is subject to the criminal penalties provided for in that section.

(2) Within 90 days of the appointment of an administrator, the Controller shall perform a desk audit or financial review of the district. The state board shall exercise its legal authority to facilitate the desk audit or financial review, including, but not limited to, its authority to take possession of the district's financial records.

(3) Any decision by the commission about the dissolution or consolidation of the district is not subject to the provisions of Section 57077.6 of the Government Code, nor to any other requirement for a protest proceeding or election. The commission shall not impose any condition on the successor agency that requires a protest proceeding or an election, as described in Part 4 (commencing with Section 57000) and Part 5 (commencing with Section 57300) of Division 3 of Title 5 of the Government Code, respectively.

(4) If the commission approves a dissolution of the district initiated by the commission, a successor agency designated in the dissolution by the commission, in consultation with the commission, may solicit proposals, evaluate submittals, and select any public water system to be the receiving water system and subsume all assets, liabilities, adjudicated water rights, responsibilities, and service obligations to provide retail water service to existing and future ratepayers within the former territory of the district. The successor agency shall represent the interests of the public and the ratepayers in the former territory of the district.

(d) The state board may provide additional funding to the administrator or the Water Replenishment District of Southern California or the successor agency designated by the commission for urgent infrastructure repairs to the public water system of the district without regard to the future ownership of any facilities affected by this funding. For purposes of this section, "urgent infrastructure repairs" are those that are immediately necessary to protect the public health, safety, and welfare of those served by the district.

(e) If the district is consolidated with a receiving water system as prescribed in Sections 116682 and 116684, the subsumed territory of the district may include both unincorporated territory of the County of Los Angeles and incorporated territory of the City of Compton.

(f) (1) Any administrator appointed pursuant to subdivision (b), any successor agency to the district designated by the commission to take over the district, any receiving operator of a public water system that provides service to the territory of the district, any water corporation that acquires the district, and the commission shall not be held liable for claims by past or existing district ratepayers or those who consumed water provided through the district concerning the operation and supply of water from the district during the interim operation period specified in subdivision (g) for any good faith, reasonable effort using ordinary care to assume possession of the territory of, to operate, or to supply water to the ratepayers within the territory of, the district.

(2) Any administrator appointed pursuant to subdivision (b), any successor agency to the district designated by the commission to take over the district, any receiving operator of a public water system that provides service to the territory of the district, any water corporation that acquires the district, and the commission shall not be held liable for claims by past or existing district ratepayers or those who consumed water provided through the district for any injury that occurred prior to the commencement of the interim operation period specified in subdivision (g).

(g) (1) Notwithstanding subdivision (d) of Section 116684, for any successor agency to the district designated by the commission to take over the district, any receiving operator of a public water system that provides service to the territory of the district, or any water corporation that acquires the district, the interim operation period shall commence upon the execution of an agreement or designation by the commission to provide water services to the district and shall end one year later. Upon the showing of good cause, the interim operation period shall be extended by the commission for up to three successive one-year periods at the request of an entity described in this paragraph.

(2) For the administrator appointed pursuant to subdivision (b), the interim operation period commences upon being appointed by the state board and ends when a successor agency has been designated by the commission to provide water service to ratepayers of the district, when a receiving water agency is consolidated with or

extends service to ratepayers of the district, when a water corporation acquires the district with the approval of the Public Utilities Commission, or when the administrator's obligation to provide interim administrative and managerial services has otherwise ended.

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Public Member**STAFF****Carolyn Emery**
Executive Officer**Scott Smith**
General Counsel

April 13, 2022

Assemblymember Eduardo Garcia
California State Assembly
1021 O Street, Ste. 8120
Sacramento, CA 95814RE: **Oppose** - AB 2081 (Garcia): Municipal Water Districts:
Water Service: Indian Lands

Dear Assemblymember Garcia:

The Orange County Local Agency Formation Commission (OC LAFCO) respectfully opposes AB 2081, which seeks to extend the sunset date to provisions added to the Water Code by AB 1361 (2017). That bill required water districts to provide service of water to the lands of certain Indian tribes upon request and further stripped local control by requiring the LAFCO receiving the application to approve the extension of service.

While it must be acknowledged that there does exist a unique relationship between the State and Indian Tribes, it is also important to remember that the policy of the State has been enumerated in Government Code Section 56001 as being not only to encourage orderly growth and development which are essential to the social, fiscal, and economic well-being of the state but also to do so in a logical fashion that discourages urban sprawl, preserves open-space and prime agricultural lands, and efficiently extends government services. This is the legislative charter given to LAFCOs and one that is maintained by our Commission through the adherence of state regulations in an open and public process. Extending the sunset date on provisions that mandate LAFCO approval of applications profoundly conflicts with that intent. Additionally, while we concede that the proposed sunset date extension would apply only to those provisions regarding the extension of water district infrastructure upon tribal lands, that does not negate the fact that forced approvals under this provision may impact or overload the existing infrastructure and other users within the respective water district.

To clarify, it is important to distinguish that LAFCO authority extends to the boundaries of the public agency service provider, not the service recipient (tribe). Therefore, when a service provider normally seeks an extension of service for an area outside the existing boundaries, the existing LAFCO process requires that an analysis is conducted to ensure that any public agency service extensions will not cause harm to either

other local agencies or their constituents. This transparent process allows for meaningful discussions, opportunities to comment at the local level, and an evaluation of both service needs and capability before allowing such a service extension to occur. This extensive process is especially important given that LAFCO decisions are quasi-legislative in nature and are not appealable except to the courts. By having a thorough and public process, all needs and concerns can be factored into the final outcome. This protects everyone affected by such a decision and has proven to be good public policy that is applied equally to all. Thus, the mandated approval of the LAFCO application required under AB 1361 introduced procedural inequities which are the antithesis to the logic and data driven analysis normally conducted by LAFCOs when considering district boundary questions. Extending the sunset date through AB 2081 allows those problematic provisions to remain in effect rather than sunset as originally codified.

As we continue to face significant issues relative to the water resources in our state that include the continued drought and a decline in resources, in-depth studies are paramount to good and logical decision making where water supplies and services are concerned. To that end, it is even more critical that each LAFCO be afforded the ability to render the best decision relative to its local conditions and circumstances that is informed by a complete analysis of a proposed extension of water service. Only in this way can the public be assured that the services being rendered meet the highest levels of efficiency and equity.

As OC LAFCO opposes legislation that diminishes LAFCO authority and circumvents the existing LAFCO process, and for all the reasons noted within this letter, OC LAFCO must oppose AB 2081. We appreciate your consideration of the Commission's concerns, and you may contact our Executive Officer, Carolyn Emery at (714) 640-5100 if you have any questions about our position.

Respectfully,

Douglass Davert
Chair

cc: Members, Assembly Local Government Committee
Jimmy MacDonald, Principal Consultant, Assembly Local Government Committee
William Weber, Consultant, Republican Caucus, Assembly Local Government Committee

April 13, 2022

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Carolyn Emery
Executive Officer

Scott Smith
General Counsel

Honorable Cecilia Aguiar-Curry, Chair
Assembly Local Government Committee
California State Assembly
1021 O Street, Room Suite 6350
Sacramento, CA 95814

RE: **Support** - Committee on Local Government Omnibus Bill
(AB 2957)

Dear Chair Aguiar-Curry:

The Orange County Local Agency Formation Commission (OC LAFCO) is pleased to support the Assembly Local Government Committee Omnibus Bill (AB 2957), sponsored by the California Association of Local Agency Formation Commissions (CALAFCO).

AB 2957 proposes technical, non-substantive changes to the Cortese-Knox-Hertzberg Local Government Reorganization Act of 2000 (the Act), which governs the work of LAFCOs. These changes allow for greater clarity of language within the Act for all stakeholders and further support OC LAFCO's ability to fulfill its role in encouraging the efficient delivery of municipal services by our respective local governments.

This legislation ensures that the Act remains a vital and practical law that is consistently applied throughout the State. The Commission appreciates the effort of CALAFCO and your Committee's authorship of this bill and support of the mission of LAFCOs.

Respectfully,

Douglass Davert
Chair

cc: Members, Assembly Local Government Committee
Jimmy MacDonald, Consultant, Assembly Local Government Committee
William Weber, Consultant, Assembly, Republican Caucus
René LaRoche, Executive Director, CALAFCO

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Scott Smith
General Counsel

April 13, 2022

Honorable Anna Caballero, Chair
Senate Governance and Finance Committee
State Capitol, Room 408
Sacramento, CA 95814

RE: **Support** - SB 1490, SB 1491, and SB 1492: Validating Acts
of 2022

Dear Chair Caballero:

The Orange County Local Agency Formation Commission (OC LAFCO) is pleased to support Senate Bills 1490, 1491, and 1492, authored by the Senate Governance and Finance Committee.

Also known as the Validating Acts of 2022, these measures help all public agencies because they protect investors from minor errors that might otherwise threaten boundary changes, bonds, and other official acts. As in the past years, the passage of these bills will ensure that municipal bonds receive the highest possible rating, resulting in the lowest possible borrowing costs for California residents.

OC LAFCO appreciates the Committee's effort in authoring these important bills.

Respectfully,

Douglass Davert
Chair

cc: René LaRoche, Executive Director, CALAFCO