

Policy and Procedures for the Initiation of Proposals by the Orange County Local Agency Formation Commission

I. LEGAL REQUIREMENTS FOR PROPOSALS INITIATED BY THE COMMISSION

Government Code Sections 56375, 56375.1, and 56879 authorize or requires the Commission to initiate the following specific types of proposals:

- **Consolidation** of special districts as defined in Government Code Section 56036.
- **Dissolution** of a special district, pursuant to Government Code Section 56375 or 56375.1 where another agency can assume service responsibility; when a study, prepared pursuant to Government Code Section 56430, concludes that a special district has chronic service provision deficiencies; or within 90 days after a special district has been deemed inactive by the State under Government Code Section 56879.
- **Merger** of a special district with a city if the entire territory of the district is included within the boundaries of the city.
- **Establishment of a subsidiary district** of a city where, pursuant to Government Code Section 57105, the portion or portions of the territory of the district are included within the boundaries of a city and represent at least 70% of the district's territory as well as at least 70% of the registered voters who reside within the district as shown on the voters' register maintained by the OC Registrar of Voters.
- **Formation** of a new district or districts.
- **Reorganization** which includes two or more of the above changes of organization.

Proposals initiated by the Commission must be consistent with the recommendation of a sphere of influence study conducted pursuant to Government Code Section 56425 or other governmental study performed pursuant to Government Code Section 56378 and Section 56430. Each of the above types of proposals has specific legal requirements which must also be met. In approving a proposal it has initiated, the Commission's resolution making determinations must make both of the following determinations, as required by Government Code Section 56881:

1. Public service costs of a proposal that the Commission is authorizing are likely to be less than or substantially similar to the costs of alternative means of providing the service.
2. A change of organization or reorganization that is authorized by the Commission promotes public access and accountability for community needs and financial resources.

II. POLICY ON INITIATING PROPOSALS

- A. Proposals initiated by the Commission shall be selected on the basis of a municipal service review, sphere of influence update, or other governmental study recommendations prepared pursuant to Government Code Section 56378.
- B. Commission prefers proposals submitted by petition of voters or landowners or by resolution of application by an affected local agency. However, the Commission will consider initiating proposals that it believes furthers the interests of increased efficiency and government accountability. Factors to be considered in determining whether to initiate a proposal will include but will not be limited to the following:
 - 1. A municipal service review (Section 56430), sphere of influence update (Section 56425) or other governmental study has shown that a proposal may result in one or more of the following: a) lower overall public service costs; b) assuming of service responsibility by a logical potential successor agency or agencies; c) overall enhancement to public service levels and efficiencies through alternative and logical service options; d) greater fiscal and operational accountability and transparency; and, e) increased public access.
 - 2. There exists a level of public concern about a district's services or governance which, in the Commission's view, warrants initiation of a proposal.
 - 3. Boundaries of existing agencies artificially divide a community of interest or overlap different communities of interest.
 - 4. There are identifiable benefits to future and existing citizens from increased coordination and regional planning affecting facility planning, infrastructure financing, public resources protection, or service reliability.
 - 5. The Commission can complete the necessary review, analysis, and processing with its own staff resources, or funds are available from the successor agency or other sources to pay for the additional assistance needed to complete the review and processing of the proposal.
 - 6. A special district has been deemed inactive pursuant to Government Code Section 56879, and the Commission has prepared a study pursuant to Government Code Sections 56378, 56425, and 56430 and made determinations pursuant to Government Code Section 56881.

III. PROCEDURE

- A. When considering the initiation of a proposal, the Commission will take into account studies prepared in accordance with Government Code Sections 56378, 56425 and 56430 and other factors identified in Section II of this policy and discuss them at a regular public meeting. During the meeting, the Commission will consider a staff report and recommendation, including an estimate, when applicable and possible, to assess factors warranting further study or that were not included or identified in previous study. After consideration at a regular public meeting, if the Commission decides to initiate a proposal, it will adopt a resolution of application pursuant to Government Code Section

56375 and, if applicable, Government Code Section 56375.1.

- B. If the Commission initiates the proposal, staff review will commence. Staff review will provide for agency participation and comment, environmental review, a property tax exchange (if applicable), and an Executive Officer's report and recommendation, as required for all proposals. The Executive Officer's report shall address the factors as required for all proposals in Government Code Section 56668, and the report shall provide the information as required in the Commission's application questionnaire for similar changes of organization. The Commission shall consider any legislative act or constitutional amendment passed by the voters that would have any substantive effect on the proposal under consideration.
- C. The Commission may refer the proposal to a reorganization committee as provided in Government Code Sections 56836 and 56848.
- D. Following completion of staff review, and upon compliance with CEQA, the Commission will consider the Executive Officer's report, the report of any reorganization committee, if applicable, and comments of affected agencies and the public at a hearing noticed for that purpose in the manner provided by State law. The hearing may be continued from time to time not to exceed 70 days and in accordance with State law.
- E. Within 35 days after the conclusion of the hearing, the Commission will adopt a resolution making determinations and either approving the proposal, subject to any terms and conditions which the Commission deems appropriate or disapproving the proposal.
- F. If the proposal is disapproved, the Commission will not initiate a substantially similar proposal for a period of three years. The Commission may waive this limitation if changes in conditions or circumstances warrant earlier reconsideration.
- G. If the proposal is approved, the Commission's resolution making determinations shall include the determinations required by Government Code Section 56881 that (a) public service costs are likely to be less than or substantially similar to the costs of alternative means of providing the services and (b) the proposal promotes public access and accountability for community needs and financial resources.
- H. If the proposal is approved, the Commission will conduct protest proceedings in accordance with Part 4, Government Code Section 57000 et. seq of the Government Code. Special hearing, protest, and election requirements as provided in Government Code Sections 57008 and 57092 will apply, including a public hearing within the territory of the affected district(s).
- I. Upon completion of the conducting authority proceedings by the Commission with or without an election as may be required, the Executive Officer will comply with the filing and reporting requirements of Part 4, Chapter 8 of the Government Code.

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