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Interim Executive Officer

**Scott Smith**  
General Counsel

**MEETING DATE:** September 17, 2025

**9b** | Commission  
Discussion

**TO:** Local Agency Formation Commission  
of Orange County

**FROM:** Interim Executive Officer  
Policy Analyst I

**SUBJECT:** Legislative Report (September 2025)

**BACKGROUND**

Since the Legislature reconvened from its summer recess on August 18, legislators from the Assembly and Senate have continued to advance proposed legislation through the legislative committees. The deadline for bills to pass through the respective committees and reach Governor Newsom's office is September 12. Governor Newsom will have until October 12 to sign or veto proposed bills.

During the Commission's July meeting, the Commission received an update on Senate Bill 777 and Senate Bill 858. This report provides an update on the bills and a staff-recommended position for Commission consideration on Senate Bill 777. Additionally, the report includes an update on the legislative efforts undertaken by the Alliance of California Local Agency Formation Commissions (Alliance).

**UPDATE ON PREVIOUSLY REVIEWED LEGISLATION****Senate Bill 777 (Richardson) Abandoned endowment care cemeteries: local agency possession and responsibility.**

During the July 10 regular meeting, the Commission received a summary of SB 777, which proposed statutory procedures for transferring ownership and maintenance responsibilities of abandoned endowment care cemeteries. One of the proposed procedures included in the bill stated that a city, county, or both that has an existing abandoned endowment care cemetery within its jurisdictional boundaries would submit an application for a change of organization to the local LAFCO. The application would be for the annexation of the cemetery to an existing cemetery special district or the creation of a new cemetery district. The Commission reaffirmed its **Oppose** position as the bill's language did not identify a legitimate solution to provide the necessary funding for the long-term maintenance of an abandoned endowment cemetery.

Since the July meeting, concerned stakeholders held meetings with the author of the bill to continue expressing their concerns. The author agreed to shift the focus of the bill and amended the language to direct the Cemetery and Funeral Bureau to convene a working group that should include representatives from the following agencies: cemetery industry, League of California Cities, California State Association of Counties, Urban Counties of California, Rural Counties Representatives of California, public cemeteries, legislative committees, California Association of Local Agencies Formation Commissions, and other agencies that have an interest in the bill. Staff of the recently created Alliance have submitted a request to the author to participate in the working group discussions. The purpose of the working group is to explore options for ensuring long-term care, maintenance, and enhancements for abandoned endowment care cemeteries.

The amendments to SB 777 have shifted the bill's focus, eliminating the previously identified concerns by OC LAFCO and other LAFCOs. However, the bill remains of interest to LAFCOs as the working group proposes solutions for the long-term maintenance of abandoned endowment care cemeteries. Staff recommends that the Commission consider modifying its position and adopt a **Watch** position. The recommended position also aligns with the Commission's legislative policy of adopting a watch position on legislation that is of interest to OC LAFCO and may impact LAFCOs. Staff will continue to monitor the progress of the working group and provide an update to the Commission at a future meeting.

**OC LAFCO POSITION:** **Oppose** position adopted June 11, 2025.

**SUPPORT:** None on record.

**OPPOSE:** California Association of Local Agency Formation Commissions, California Special Districts Association, California State Association of Counties, Cemetery and Mortuary Association of California, Coachella Valley Public Cemetery District, County of Butte, County of Marin, Imperial LAFCO, League of California Cities, Los Angeles LAFCO, Orange LAFCO, Marin LAFCO, Mendocino LAFCO, Napa LAFCO, Nevada County LAFCO, Orlando Cemetery District, Riverside LAFCO, Rural County Representatives of California, Russian River Cemetery District, Sacramento LAFCO, San Bernardino County, San Bernardino LAFCO, Sonoma LAFCO, Urban Counties of California, Vacaville-Elmira Cemetery District.

**BILL LOCATION/STATUS:** Assembly.

**SB 858 (Senate Local Government Committee): Local Government Omnibus Act of 2025.**

During the July 10 regular meeting, the Commission received a summary of the California Local Agency Formation Commission's (CALAFCO) annual Omnibus Bill effort. The Omnibus Bill is CALAFCO's annual vehicle to introduce technical and non-substantive amendments to the Cortese-Knox-Hertzberg Local Government Reorganization Act of 2000 (CKH Act) that address minor inconsistencies and provide clarification to remove ambiguity in the Act. CALAFCO staff submitted two non-substantive amendments to the Senate Local Government Committee for inclusion as part of the committee's annual Omnibus Bill. The amendments address two incorrect cross-references included in the following government code sections:

- Correct a typo in the California Government Code Section 37396(b), which regulates the types of leases a city, county, or city and county can enter into for annexed property that is non-contiguous to a city or county. Correct a typo by replacing Government Code Section 56472 with 56742.
- Correct a reference in Government Code Section 57002 of the CKH Act regarding the noticing requirement.

The Commission adopted a Support position during the July meeting, and staff submitted a letter of support on July 31, 2025. No further action is required from the Commission.

**RECOMMENDED ACTION:** Support position adopted on July 9, 2025. No additional action recommended.

**SUPPORT:** California Association of Clerks & Election Officials, California Association of Local Agency Formation Commissions, California Association of County Treasurers and Tax Collectors, County of Kern, County of Nevada, East Bay Municipal Utility District, Mendocino LAFCO, Nevada LAFCO, Santa Cruz LAFCO, Yolo LAFCO.

**OPPOSE:** None on Record.

**BILL LOCATION/STATUS:** Enrolled to the Governor.

#### **ALLIANCE OF CALIFORNIA LAFCOs Legislative Committee**

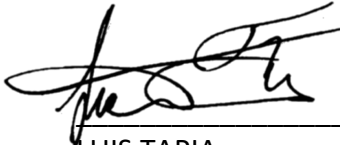
The Executive Officers of the Alliance formed a legislative committee, represented by staff from each of the four LAFCOs (Los Angeles, Orange, San Bernardino, and San Diego), to develop legislative policies and procedures and identify a consultant who can assist with tracking legislation of LAFCO interest for the upcoming 2026 legislative session. During a meeting held by the Alliance on August 11, 2025, the group approved the Legislative Policies and Guidelines to serve as a framework for reviewing legislation of interest to LAFCOs and adopting legislative positions. The Alliance directed the committee to continue its search and selection of a consultant to assist with tracking legislation for the upcoming legislative session. Staff will continue to participate in the Alliance's legislative committee meetings and provide updates to the Commission during future meetings.

**RECOMMENDED ACTION**

Staff Recommends the Commission:

1. Adopt a **Watch** position on SB 777.

Respectfully Submitted,

  
\_\_\_\_\_  
LUIS TAPIA  
\_\_\_\_\_  
AIMEE DIAZ

Attachments:

1. Senate Bill 777 (Richardson)
2. Senate Bill 858 (Durazo, Arreguín, Cabaldon, Choi, Laird, Seyarto, and Wiener)



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## SB-777 Abandoned cemeteries: report. (2025-2026)

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AMENDED IN ASSEMBLY JULY 09, 2025

AMENDED IN ASSEMBLY JUNE 16, 2025

AMENDED IN SENATE MARCH 26, 2025

CALIFORNIA LEGISLATURE— 2025–2026 REGULAR SESSION

### SENATE BILL

**NO. 777**
**Introduced by Senator Richardson**
**February 21, 2025**

An act to amend ~~Sections 7612.6, 7653, 7712.5, 7729, 7729.11, 7730.3, 7730.8, 7730.10, 7730.11, and 7731.4 of the Business and Professions Code, and to amend the heading of Chapter 7 (commencing with Section 8825) of Part 3 of Division 8 of, and to add Chapter 6 (commencing with Section 8800) to Part 3 of Division 8 of, the Health and Safety Code, relating to cemeteries, and making an appropriation therefor. Section 7612.12 of the Business and Professions Code, relating to cemeteries.~~

### LEGISLATIVE COUNSEL'S DIGEST

SB 777, as amended, Richardson. ~~Cemeteries.~~ *Abandoned cemeteries: report.*

~~(1)Existing~~

*Existing* law, the Cemetery and Funeral Act, establishes the Cemetery and Funeral Bureau within the Department of Consumer Affairs and sets forth its powers and duties relating to the licensure and regulation ~~of, among others, cemeteries and cemetery authorities, which includes cemetery associations, corporations, limited liability companies, and other persons owning or controlling cemetery lands or property. A violation of the act is a crime. of cemeteries, crematories, funeral establishments, and their personnel. Existing law requires the bureau, on or before July 1, 2027, to convene a workgroup composed of representatives from the cemetery, county government, and other interested stakeholders to discuss options for ensuring continued care, maintenance, and embellishment of abandoned cemeteries, including the possibility of requiring counties to assume responsibility for abandoned cemeteries. Existing law requires the bureau to submit a report to the Legislature summarizing the workgroup's discussions and its recommendations by January 1, 2028. Existing law repeals those provisions on January 1, 2029.~~

*This bill would instead require the bureau to convene the workgroup on or before March 1, 2026, would revise the list of representatives required to be included in the workgroup, and would instead require the workgroup to discuss the possibility of requiring counties to assume responsibility for maintenance, irrigation, public works, and burial services for abandoned cemeteries. The bill would require the board to submit the report on June 1, 2026, and would repeal those provisions on January 1, 2027.*

~~Existing law requires a cemetery authority to file with the bureau an annual written report that includes, among other things, the amount collected and deposited in endowment care funds segregated as to the amounts for crypts, niches, and grave space, as specified. Existing law requires that information to be accompanied by an annual audit report, prepared in accordance with generally accepted accounting principles, of the endowment care fund and special care fund signed by a certified public accountant or public accountant. Existing law requires the scope of the audit to include the inspection, review, and audit of the general purpose financial statements of the endowment care fund and special care fund, including the balance sheet, statement of revenues, expenditures, and changes in fund balance.~~

~~This bill would require the annual audit report to include a cemetery's 4th quarter bank statement. The bill would require the cemetery authority's financial institution to provide the bank statement electronically, and directly, to the bureau. The bill would require the above-described annual written report to include a map of the deceased and their location by parcel. The bill would require the bureau to submit the map to the applicable county recorder.~~

~~By expanding the crime of violating the Cemetery and Funeral Act, and to the extent the bill would impose a higher level of service on counties, the bill would impose a state-mandated local program.~~

~~(2) Existing law authorizes a cemetery authority that maintains a cemetery to place its cemetery under endowment care and to establish, maintain, and operate an endowment care fund. Ninety days following the cancellation, surrender, or revocation of a certificate of authority, existing law gives the bureau title to any endowment care funds of a cemetery authority and possession of all necessary books, records, property, real and personal, and assets, and requires the bureau to act as conservator over the management of the endowment care funds.~~

~~Existing law, the Cortese-Knox-Hertzberg Local Government Reorganization Act of 2000, provides for the formation and change of organization of cities and special districts and establishes a local agency formation commission (LAFCO) in each county. Existing law, the Public Cemetery District Law, provides for the formation of public cemetery districts, and authorizes those districts to own, operate, improve, and maintain cemeteries and provide interment services within their boundaries.~~

~~This bill would require the bureau to notify the applicable city, county, or city and county with jurisdiction over Lincoln Memorial Park Cemetery, Dambacher Mountain Memorial Cemetery, Verdugo Hills Cemetery, Chapel of the Light, Evergreen Cemetery, and Mount Tamalpais Cemetery, or cemeteries that become abandoned endowment care cemeteries, as defined, after January 1, 2026. Upon receipt of notice, the bill would require the city, county, or city and county, within 120 days, to adopt and submit a resolution of application to the LAFCO in the applicable county for a change of organization to form a new public cemetery district or reorganize an existing public cemetery district for the purpose of maintaining the abandoned endowment care cemetery. The bill would require the bureau to cover the costs for creating a new public cemetery district or reorganizing an existing public cemetery district pursuant to these provisions, and would require the bureau to provide the necessary resources to the city, county, or city and county to facilitate the LAFCO process, as specified. The bill would require the LAFCO to determine whether to form a new public cemetery district or reorganize an existing public cemetery district within one year of receiving an application for a change of organization pursuant to these provisions. Upon that determination being made, the bill would require the bureau to work with the vacated owner or the county assessor to secure the title of the abandoned cemetery to ensure that fee title of the abandoned endowment care cemetery ultimately vests in the public cemetery district.~~

~~By imposing new duties on cities and counties, the bill would impose a state-mandated local program.~~

~~Existing law imposes various fees under the Cemetery and Funeral Act, including, among others, the application and renewal fees for a funeral director's, embalmer's, or cemetery manager's license, regulatory charges for cemetery authorities, timely filing fees for specified annual reports, and fees to obtain or renew a hydrolysis facility license. Existing law creates the Cemetery and Funeral Fund, a continuously appropriated fund, in the State Treasury for the deposit of those fees. Existing law requires moneys in the fund to be expended on actual and necessary expenses incurred in implementing the act.~~

~~This bill would increase those fees by 150%. The bill would require the bureau to establish and administer the Abandonment Grant Funding Program (program) to provide long-term viability to ensure services are maintained for abandoned endowment care cemeteries. The bill would require the program to be funded by 50% of moneys assessed from the increased fees, and would expand the purposes of the Cemetery and Funeral Fund to include the program. Because additional moneys would be deposited into a continuously appropriated fund, and by expanding the purposes of a continuously appropriated fund, the bill would make an appropriation.~~

~~This bill would authorize a private entity, as specified, to acquire title to an abandoned endowment care cemetery. The bill would require a public cemetery district or a private entity that takes over an abandoned endowment care cemetery to have access to the endowment fund, including principal and interest, of the applicable abandoned endowment care cemetery, and program funding to manage cemetery maintenance, burial services, and security items, and to address issues, including, but not limited to, prior repairs, deferred maintenance, or vandalism of property or gravesites, as necessary.~~

~~By imposing new duties on public cemetery districts, this bill would impose a state-mandated local program.~~

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

~~This bill would provide that with regard to certain mandates no reimbursement is required by this act for a specified reason.~~

~~With regard to any other mandates, this bill would provide that, if the Commission on State Mandates determines that the bill contains costs so mandated by the state, reimbursement for those costs shall be made pursuant to the statutory provisions noted above.~~

~~This bill would make legislative findings and declarations as to the necessity of a special statute for Lincoln Memorial Park Cemetery, Dambacher Mountain Memorial Cemetery, Verdugo Hills Cemetery, Chapel of the Light, Evergreen Cemetery, and Mount Tamalpais Cemetery.~~

Vote: ~~two-thirds~~majority Appropriation: ~~yes~~no Fiscal Committee: yes Local Program: ~~yes~~no

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

**SECTION 1.** *Section 7612.12 of the Business and Professions Code is amended to read:*

**7612.12.** (a) On or before ~~July 1, 2027,~~ *March 1, 2026,* the bureau shall convene a workgroup ~~comprised of representatives from the cemetery industry, county government, and other~~ *composed of* interested stakeholders *including, but not limited to, representatives from the cemetery industry, the California Association of Local Agency Formation Commissions, the League of California Cities, the California State Association of Counties, the Urban Counties of California, the Rural County Representatives of California, public cemeteries, and legislative staff for the appropriate committees of the Legislature,* to discuss options for ensuring continued care, maintenance, and embellishment of abandoned cemeteries, including the possibility of requiring counties to assume responsibility for *maintenance, irrigation, public works, and burial services for* cemeteries located within their boundaries that become abandoned.

(b) In accordance with Section 9795 of the Government Code, the bureau shall submit a report to the Legislature summarizing the discussions of the ~~workgroup, along with any recommendations,~~ *workgroup and its recommendations* no later than ~~January 1, 2028.~~ *June 1, 2026.*

(c) This section shall remain in effect only until January 1, ~~2029,~~ *2027,* and as of that date is repealed.

**SECTION 1.** ~~Section 7612.6 of the Business and Professions Code is amended to read:~~

~~7612.6.(a)Each cemetery authority shall file with the bureau annually, on or before June 1, or within five months after close of their fiscal year provided approval has been granted by the bureau as provided for in Section 7612.7, a written report in a form prescribed by the bureau setting forth the following:~~

~~(1)The number of square feet of grave space and the number of crypts and niches sold or disposed of under endowment care by specific periods as set forth in the form prescribed.~~

~~(2)The amount collected and deposited in both the general and special endowment care funds segregated as to the amounts for crypts, niches, and grave space by specific periods as set forth either on the accrual or cash basis at the option of the cemetery authority.~~

~~(3)A statement showing separately the total amount of the general and special endowment care funds invested in each of the investments authorized by law and the amount of cash on hand not invested, which statement shall actually show the financial condition of the funds.~~

~~(4)A statement showing separately the location, description, and character of the investments in which the special endowment care funds are invested. The statement shall show the valuations of any securities held in the endowment care fund as valued pursuant to Section 7614.7.~~

~~(5)A statement showing the transactions entered into between the corporation or any officer, employee, or stockholder thereof and the trustees of the endowment care funds with respect to those endowment care funds. The statement shall show the dates, amounts of the transactions, and shall contain a statement of the reasons for those transactions.~~

~~(6)(A)A map of the deceased and their location by parcel.~~

~~(B)The bureau shall submit the map described in subparagraph (A) to the applicable county recorder.~~

~~(b)(1)The report shall be verified by the president or vice president and one other officer of the cemetery corporation. The information submitted pursuant to paragraphs (2), (3), (4), (5), and (6) of subdivision (a) shall be accompanied by an annual audit report, prepared in accordance with generally accepted accounting principles, of the endowment care fund and special care fund signed by a certified public accountant or public accountant. The scope of the audit shall include the inspection, review, and audit of the general purpose financial statements of the endowment care fund and special care fund, which shall include the balance sheet, the statement of revenues, expenditures, and changes in fund balance.~~

~~(2)The annual audit report described in paragraph (1) shall include a cemetery's fourth quarter bank statement. The cemetery authority's financial institution shall provide the bank statement electronically, and directly, to the bureau.~~

~~(c)If a cemetery authority files a written request prior to the date the report is due, the bureau may, in its discretion, grant an extension for no more than an additional nine months within which to file the report.~~

~~SEC. 2. Section 7653 of the Business and Professions Code is amended to read:~~

~~7653.(a)The bureau shall adopt, and may from time to time amend, rules and regulations prescribing standards of knowledge and experience and financial responsibility for applicants for certificates of authority. In reviewing an application for a certificate of authority, the bureau may consider acts of incorporators, officers, directors, and stockholders of the applicant, which shall constitute grounds for the denial of a certificate of authority under Division 1.5 (commencing with Section 475).~~

~~(b)Upon receipt of an application for a certificate of authority, the bureau may cause an investigation to be made of the physical status, plans, specifications, and financing of the proposed cemetery, and any other qualifications required of the applicant under this act, and for this purpose may subpoena witnesses, administer oaths, and take testimony.~~

~~(c)At the time of the filing of the application required by this section, the applicant shall pay to the Cemetery and Funeral Fund the sum of one thousand eight hundred seventy-five dollars (\$1,875) to defray the expenses of investigation. In the event the sum shall be insufficient to defray all of the expenses, the applicant shall, within five days after request, deposit an additional sum sufficient to defray those expenses, provided that the total sum shall not exceed two thousand two hundred fifty dollars (\$2,250).~~

~~SEC. 3. Section 7712.5 of the Business and Professions Code is amended to read:~~

~~7712.5.(a)The bureau shall adopt, and may from time to time amend, rules and regulations prescribing standards of knowledge and experience and financial responsibility for applicants for a crematory license. In reviewing an application for a crematory license, the bureau may consider acts of the applicant, including acts of incorporators, officers, directors, and stockholders of the applicant, which shall constitute grounds for the denial of a crematory license under Division 1.5 (commencing with Section 475).~~

~~(b)Upon receipt of an application for a crematory license, the bureau may cause an investigation to be made of the physical status, plans, specifications, and financing of the proposed crematory, the character of the applicant, including, if applicable, its officers, directors, shareholders, or members, and any other qualifications required of the applicant under this article, and for this purpose may subpoena witnesses, administer oaths, and take testimony.~~



~~(c)At the time of the filing of the application required by this article, the applicant shall pay to the Cemetery and Funeral Fund the sum of one thousand eight hundred seventy-five dollars (\$1,875) to defray the expenses of investigation. In the event the sum shall be insufficient to defray all of the expenses, the applicant shall, within five days after request therefor, deposit an additional sum sufficient to defray such expenses, provided that the total sum shall not exceed two thousand two hundred fifty dollars (\$2,250).~~

~~SEC. 4. Section 7729 of the Business and Professions Code is amended to read:~~

~~7729. The amount of the fees prescribed by this chapter shall be fixed according to the following schedule:~~

~~(a) The application fee for a funeral director's license shall be nine hundred fifty dollars (\$950).~~

~~(b) The application fee for change of location of a funeral establishment's license shall be one thousand one hundred seventy-five dollars (\$1,175).~~

~~(c) The application fee for permission to assign a funeral establishment's license shall be one thousand four hundred dollars (\$1,400).~~

~~(d) The license renewal fee payable by a licensed funeral director shall be nine hundred fifty dollars (\$950). The fee for a delinquent renewal of a funeral director's license shall be 150 percent of the timely renewal fee.~~

~~(e) The application fee for an embalmer's license and the examination on the state's laws required under paragraph (2) of subdivision (a) of Section 7646 for the license shall be seven hundred dollars (\$700).~~

~~(f) The renewal fee payable by a licensed embalmer shall be four hundred seventy-five dollars (\$475). The fee for a delinquent renewal of an embalmer's license shall be 150 percent of the timely renewal fee.~~

~~(g) The application fee for a certificate of registration as an apprentice embalmer shall be three hundred dollars (\$300).~~

~~(h) The fee for an application by a funeral establishment for approval to train apprentice embalmers and for renewal of that approval shall be four hundred seventy-five dollars (\$475).~~

~~(i) The application fee for a funeral director's examination shall be four hundred seventy-five dollars (\$475).~~

~~(j) The fee for a timely filing of an individual report or a combined report on preneed trust funds shall be one thousand two hundred fifty dollars (\$1,250). The fee for a late filing of any report on preneed trust funds shall be 150 percent of the applicable timely fee.~~

~~(k) The application fee for permission to change the name appearing on a funeral establishment's license shall be seven hundred fifty dollars (\$750), and for permission to change the name on any other license or certificate, shall be sixty-two dollars and fifty cents (\$62.50).~~

~~(l) The application fee for a duplicate funeral director's license, a duplicate funeral establishment's license, a duplicate embalmer's license, or a duplicate certificate of registration as an apprentice embalmer, shall be one hundred twenty-five dollars (\$125).~~

~~(m) The fee for filing a report of a change of corporate officers, managers, or preneed trust fund trustees shall be one hundred twenty-five dollars (\$125).~~

~~(n) The application fee for a funeral establishment license shall be one thousand eight hundred seventy-five dollars (\$1,875).~~

~~(o) The license renewal fee for a licensed funeral establishment shall be one thousand eight hundred seventy-five dollars (\$1,875). The fee for a delinquent renewal of a funeral establishment license shall be 150 percent of the timely renewal fee.~~

~~SEC. 5. Section 7729.11 of the Business and Professions Code is amended to read:~~

~~7729.11. The fee for a timely filing of an annual report on the endowment care fund and special care fund by a certificate of authority shall be one thousand two hundred fifty dollars (\$1,250). The fee for a late filing of an annual report on the endowment care fund and special care fund shall be 150 percent of the applicable timely fee.~~

~~SEC. 6. Section 7730.3 of the Business and Professions Code is amended to read:~~

~~7730.3. For change of name or of address of licensee on the records of the bureau, the fee shall be sixty-two~~

~~dollars and fifty cents (\$62.50):~~

~~SEC. 7. Section 7730.8 of the Business and Professions Code is amended to read:~~

~~7730.8.(a) The fee for a cemetery manager examination shall be two thousand dollars (\$2,000):~~

~~(b) The license fee to obtain a cemetery manager license shall be three hundred twenty-five dollars (\$325):~~

~~(c) The renewal fee for a cemetery manager license shall be three hundred seventy-five dollars (\$375):~~

~~SEC. 8. Section 7730.10 of the Business and Professions Code is amended to read:~~

~~7730.10. Every cemetery authority operating a cemetery shall pay an annual regulatory charge for each cemetery of one thousand eight hundred seventy-five dollars (\$1,875). In addition to an annual regulatory charge for each cemetery, an additional quarterly charge of twenty-eight dollars and seventy-five cents (\$28.75) for each burial, entombment, or inurnment made during the preceding quarter shall be paid to the bureau and these charges shall be deposited in the Cemetery and Funeral Fund. If the cemetery authority performs a burial, entombment, or inurnment, and the cremation was performed at a crematory located on the grounds of the cemetery and under common ownership with the cemetery authority, the total of all additional charges shall be not more than twenty-eight dollars and seventy-five cents (\$28.75):~~

~~SEC. 9. Section 7730.11 of the Business and Professions Code is amended to read:~~

~~7730.11.(a) The bureau shall establish the fee to obtain or renew a hydrolysis facility license, which shall not exceed the reasonable cost of license administration:~~

~~(b) Every licensee operating a hydrolysis facility pursuant to a license issued pursuant to this article shall pay an additional charge of twenty-eight dollars and seventy-five cents (\$28.75) per hydrolysis made during the preceding quarter, which charges shall be deposited into the Cemetery and Funeral Fund:~~

~~SEC. 10. Section 7731.4 of the Business and Professions Code is amended to read:~~

~~7731.4.(a) All moneys paid into the State Treasury and credited to the Cemetery and Funeral Fund shall be expended in accordance with law for both of the following:~~

~~(1) The payment of all actual and necessary expenses incurred in carrying out the provisions of this act:~~

~~(2) The Abandonment Grant Funding Program, as described in Section 8803 of the Health and Safety Code:~~

~~(b) This section shall become operative on July 1, 2016:~~

~~SEC. 11. Chapter 6 (commencing with Section 8800) is added to Part 3 of Division 8 of the Health and Safety Code, to read:~~

#### ~~6. Abandonment of Endowment Care Cemeteries~~

~~8800. For purposes of this chapter, the following definitions apply:~~

~~(a) "Abandoned endowment care cemetery" means a cemetery for which an endowment care fund was maintained, that was formerly licensed by the bureau, and for which the certificate of authority has been canceled, surrendered, or revoked and ownership has not been transferred pursuant to Section 8585 within one year of the cancellation, surrender, or revocation:~~

~~(b) "Private entity" means a non-public entity that acquires title to an abandoned endowment care cemetery pursuant to this chapter. "Private entity" includes, but is not limited to, a corporation, LLC, or individual:~~

~~(c) "Public cemetery district" means a public cemetery district, as described in Part 4 (commencing with Section 9000), that is formed or reorganized and acquires title to an abandoned endowment care cemetery pursuant to this chapter:~~

~~8801.(a) Upon the expiration of the one-year period described in Section 8800, the bureau shall notify the applicable city, county, or city and county with jurisdiction over each of the following abandoned endowment care cemeteries:~~

~~(1) Lincoln Memorial Park Cemetery:~~

~~(2) Dambacher Mountain Memorial Cemetery:~~

~~(3) Verdugo Hills Cemetery:~~

~~(4)Chapel of the Light:~~

~~(5)Evergreen Cemetery:~~

~~(6)Mount Tamalpais Cemetery:~~

~~(b)Upon the expiration of the one-year period described in Section 8800, the bureau shall review, and shall subsequently notify the applicable city, county, or city and county of, other cemeteries that are not listed in subdivision (a) and that become an abandoned endowment care cemetery after January 1, 2026.~~

~~(c)(1)Upon receipt of notice pursuant to subdivision (a) or (b), a city, county, or city and county shall, within 120 days, adopt and submit a resolution of application to the local agency formation commission (LAFCO) in the applicable county for a change of organization to form a new public cemetery district or reorganize an existing public cemetery district pursuant to Part 3 (commencing with Section 56650) of Division 3 of Title 5 of the Government Code and Chapter 2 (commencing with Section 9010) of Part 4 of this division for the purpose of maintaining the abandoned endowment care cemetery.~~

~~(2)(A)For an application for a change of organization required by this subdivision, the bureau shall provide the information required by Section 56652 of the Government Code.~~

~~(B)The bureau shall ensure that a resolution of application prepared pursuant to this section establishes long-term viability for the public cemetery district.~~

~~8802.(a)(1)When a LAFCO receives an application for a change of organization pursuant to Section 8801, the bureau shall provide the necessary resources to the city, county, or city and county to facilitate the LAFCO process, including resources for preparing documents required by the California Environmental Quality Act (CEQA):~~

~~(2)The bureau shall cover the costs for creating a new public cemetery district or reorganizing an existing public cemetery district pursuant to this chapter, including costs associated with all of the following:~~

~~(A)The LAFCO process.~~

~~(B)The Department of Fish and Wildlife.~~

~~(C)The county clerk and recorder.~~

~~(D)The State Board of Equalization.~~

~~(b)Within one year of receiving an application for a change of organization pursuant to Section 8810, the LAFCO shall determine whether to form a new public cemetery district or reorganize an existing public cemetery district to maintain the abandoned endowment care cemetery.~~

~~(c)After a determination is made pursuant to subdivision (b), the bureau shall work with the vacated owner or the county assessor to secure the title of the abandoned cemetery to ensure that fee title of the abandoned endowment care cemetery ultimately vests in the public cemetery district.~~

~~8803.(a)The bureau shall establish and administer the Abandonment Grant Funding Program to provide long-term viability to ensure services are maintained for abandoned endowment care cemeteries.~~

~~(b)Commencing January 1, 2026, the program shall be funded by 50 percent of moneys from the assessed fees described in Sections 7653, 7712.5, 7729, 7729.11, 7730.3, 7730.8, 7730.10, and 7730.11 of the Business and Professions Code.~~

~~(c)The bureau shall have discretion over the disbursement of program funds and shall disburse those funds in accordance with the purpose described in subdivision (a).~~

~~(d)The bureau may use program funds to cover the reasonable costs of administering the program.~~

~~8804.(a)The public cemetery district formed or reorganized pursuant to Section 8802 shall have access to the endowment fund, including principal and interest, of the applicable abandoned endowment care cemetery, and Abandonment Grant Funding Program funding to manage cemetery maintenance, burial services, and security items, and to address issues, including, but not limited to, prior repairs, deferred maintenance, or vandalism of property or gravesites, as necessary.~~

~~(b)The public cemetery district shall determine the hours of operation, maintenance schedules, embellishment,~~

~~and modicum of security, including gate locks, cameras, or alarms.~~

~~8805.(a)A private entity that is licensed and regulated pursuant to the Cemetery and Funeral Act may acquire title to an abandoned endowment care cemetery.~~

~~(b)If eligible, a private entity that acquires title to an abandoned endowment care cemetery shall manage the cemetery's endowment care trust fund, including principal and interest, in accordance with Chapter 5 (commencing with Section 8700).~~

~~(c)The bureau may provide funds from the Abandonment Grant Funding Program to a private entity that acquires title to an abandoned endowment care cemetery. Use of program funds shall be limited to the purposes described in Section 8804.~~

~~8806.(a)A public cemetery district or private entity that acquires title to an abandoned endowment care cemetery shall keep a record of, and honor, all remaining contracts for burial executed by the prior cemetery authority.~~

~~(b)(1)A public cemetery district or a private entity that acquires title to an abandoned endowment care cemetery shall not be responsible for any actions of the vacated owner, including, but not limited to, mismanagement of the endowment fund or cemetery.~~

~~(2)This subdivision shall not be applied to impair the obligation of any contract that is in effect as of January 1, 2026, in a manner that would violate either Section 9 of Article I of the California Constitution or Section 10 of Article I of the United States Constitution.~~

~~SEC. 12.The heading of Chapter 7 (commencing with Section 8825) of Part 3 of Division 8 of the Health and Safety Code is amended to read:~~

~~7.Abandoned Nonendowment Care Cemeteries~~

~~SEC. 13.The Legislature finds and declares that a special statute is necessary and that a general statute cannot be made applicable within the meaning of Section 16 of Article IV of the California Constitution because, due to unique circumstances, Lincoln Memorial Park Cemetery, Dambacher Mountain Memorial Cemetery, Verdugo Hills Cemetery, Chapel of the Light, Evergreen Cemetery, and Mount Tamalpais Cemetery are abandoned and not being maintained.~~

~~SEC. 14.No reimbursement is required by this act pursuant to Section 6 of Article XIII B of the California Constitution for certain costs that may be incurred by a local agency or school district because, in that regard, this act creates a new crime or infraction, eliminates a crime or infraction, or changes the penalty for a crime or infraction, within the meaning of Section 17556 of the Government Code, or changes the definition of a crime within the meaning of Section 6 of Article XIII B of the California Constitution.~~

~~However, if the Commission on State Mandates determines that this act contains other costs mandated by the state, reimbursement to local agencies and school districts for those costs shall be made pursuant to Part 7 (commencing with Section 17500) of Division 4 of Title 2 of the Government Code.~~


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## SB-858 Local Government Omnibus Act of 2025. (2025-2026)

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AMENDED IN ASSEMBLY JULY 08, 2025

CALIFORNIA LEGISLATURE— 2025–2026 REGULAR SESSION

### SENATE BILL

**NO. 858**

**Introduced by Committee on Local Government (Senators Durazo (Chair), Arreguín, Cabaldon, Choi, Laird, Seyarto, and Wiener)**

**March 12, 2025**

An act to amend Sections 25103, 25105, [25121](#), 26802.5, ~~and 53601~~ [36932](#), [37396](#), [53601](#), [57002](#), [62463](#), and [62464](#) of the Government Code, *to amend Section 21221 of, and to amend the heading of Article 89 (commencing with Section 21220) of Chapter 1.5 of Part 3 of Division 2 of, the Public Contract Code*, and to amend Section 11865 of the Public Utilities Code, relating to local government.

### LEGISLATIVE COUNSEL'S DIGEST

SB 858, as amended, Committee on Local Government. Local Government Omnibus Act of 2025.

(1) Existing law authorizes a county board of supervisors, by resolution, to authorize the use of a facsimile signature of the chairperson of the board on all papers, documents, or instruments requiring the signature of the chairperson, as provided, if certain requirements are met relating to the personal signature of the chairperson. Under existing law, if those requirements are met, the papers, documents, or instruments bearing the facsimile signature are accorded the same force and effect as though personally signed by the chairperson.

This bill would remove the requirement for that authorization to occur by resolution of the board. The bill would authorize the board, in addition to authorizing a facsimile signature, to authorize the use of an electronic *or digital* signature of the chairperson on all papers, documents, or instruments requiring the signature of the chairperson. Under the bill, a document bearing the electronic *or digital* signature of the chairperson would have the same force and effect as if personally signed by the chairperson.

*Existing law also requires ordinances enacted by a county board of supervisors to be signed by the chairperson of the board and attested by the clerk. Existing law requires city ordinances passed by a city council to be signed by the mayor and attested by the city clerk. Existing law specifies that, when attesting to a digital signature, a county clerk or a city clerk may presume that the signature is genuine and attributable to the signatory if the digital signature complies with specified requirements.*

*This bill would additionally apply the above-described presumption to electronic signatures, as provided.*

(2) Existing law authorizes a county board of supervisors to authorize the use of photographs, microphotographs, electronic data processing records, optical disks, or any other medium that is a trusted system and that does not permit additions, deletions, or changes to the original document, or photocopies of all records, books, and minutes of the board. Under existing law, if the documents are signed using a digital signature, the reproduced documents are considered authenticated if the reproduced documents are created by a trusted system, as defined in pertinent digital signature regulations.

This bill would provide that if the documents are signed using an electronic or digital signature, the reproduced documents are considered authenticated if the reproduced documents are created by a trusted system, as defined in pertinent digital signature regulations, or in compliance with the Uniform Electronic Transactions Act.

(3) Existing law authorizes a registrar of voters to be appointed by the board of supervisors in specified counties to discharge all duties vested by law in the county clerk that relate to and are a part of election procedure.

This bill would include the ~~County~~ *Counties* of Kern *and Nevada* among those counties in which the board of supervisors is authorized to appoint a registrar of voters.

This bill would make legislative findings and declarations as to the necessity of a special statute for the ~~County of Kern.~~ *Counties of Kern and Nevada.*

(4) Existing law regulates the investment of public funds by local agencies, as defined. Existing law authorizes the legislative body of a local agency, as specified, that has money in a sinking fund or in its treasury not required for immediate needs to invest the money as it deems wise or expedient in certain securities and financial instruments. In this regard, existing law authorizes investment in prime quality commercial paper issued by entities meeting certain criteria, if the eligible commercial paper has a maximum maturity of 270 days or less.

This bill would revise the maximum maturity periods for the investments in prime quality commercial paper to 397 days.

*(5) Existing law, the Vallejo Flood and Wastewater District Act, provides for contracting by the Vallejo Flood and Wastewater District. Existing law requires the district, in all work of improvement or repair of any of the works or property of the district and in the furnishing of materials or supplies, when the expenditures exceed \$4,000, to do the work by contract let to the lowest responsible bidder, after prescribed notice, as specified.*

*This bill would specify that "furnishing of materials and supplies" referenced in the above-described provision is for work of improvement or repair of any of the works or property of the district. The bill would also make a nonsubstantive change with respect to the act.*

*Existing law further authorizes the board of trustees of the district to declare a state of emergency and take prescribed actions. Existing law requires the board of trustees to comply with certain emergency contracting procedures, if, with regard to actions taken during the emergency, notice for bids to let contracts will not be given.*

*This bill would delete the authorization for the board of trustees to declare a state of emergency and take prescribed actions and would delete the above-described requirement.*

~~(5)~~

(6) Existing law, the Municipal Utility District Act, governs the formation and governance of municipal utility districts. The act provides that the government of every district is vested in a board of 5 or 7 directors and specifies procedures for filling a vacancy on a board. Those procedures authorize the remaining board members to fill a vacancy by appointment until the next district general election that is scheduled 90 or more days after the effective date of the vacancy, as provided.

This bill would require the person appointed to fill a vacancy to hold office until the person elected at the next district general election that is scheduled 90 or more days after the effective date of the vacancy has been qualified and takes office.

*(7) The bill would also correct various cross-references, as provided.*

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

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

**SECTION 1.** (a) This act shall be known, and may be cited, as the Local Government Omnibus Act of 2025.

(b) The Legislature finds and declares that Californians want their governments to be run efficiently and economically and that public officials should avoid waste and duplication whenever possible. The Legislature further finds and declares that it desires to control its own costs by reducing the number of separate bills. Therefore, it is the intent of the Legislature in enacting this act to combine several minor, noncontroversial statutory changes relating to the common theme, purpose, and subject of local government into a single measure.

**SEC. 2.** Section 25103 of the Government Code is amended to read:

**25103.** (a) The records and minutes of the board, acting in any capacity, shall be signed by the chairperson and the clerk. The board may authorize the use of a facsimile or electronic *or digital* signature of the chairperson of the board acting in any capacity, where the board sits as the governing body, agency, or entity on all papers, documents, or instruments requiring the signature of the chairperson of the board, including all resolutions, orders, ordinances, contracts, minutes, notices, deeds, leases, ~~papers~~ *papers*, and records of the board except that, in the case of a facsimile signature, the original copy thereof, or the copy thereof filed in the office of the clerk of the board, shall bear the personal signature of the chairperson or shall have been delivered to the chairperson, and those papers, documents, or instruments bearing the facsimile signature shall be accorded the same force and effect as though personally signed by the chairperson. A certificate by the clerk that a copy of that document has been delivered to the chairperson of the board shall be prima facie evidence of the delivery. A document bearing the electronic *or digital* signature of the chairperson shall have the same force and effect as if personally signed by the chairperson.

(b) If, in order to be recorded by the county recorder, the paper, document, or instrument requires the acknowledgement or verification of the person by whom it is executed, then it shall be recordable when the clerk acknowledges the person's signature upon the certificate that indicates that a copy of the paper, document, or instrument has been delivered to the chairperson.

(c) In the case of a public security or any instrument of payment, the Uniform Facsimile Signature of Public Officials Act (Chapter 6 (commencing with Section 5500) of Division 6 of Title 1) shall govern.

(d) If the facsimile signature of the chairperson of the board of supervisors is affixed to any document prior to November 23, 1970, the document shall have the same force and effect from the time of affixing as if the facsimile signature had been affixed after that date.

**SEC. 3.** Section 25105 of the Government Code is amended to read:

**25105.** The board of supervisors may authorize the use of photographs, microphotographs, electronic data processing records, optical disks, or any other medium that is a trusted system and that does not permit additions, deletions, or changes to the original document, or photocopies of all records, books, and minutes of the board.

(a) Each photograph, microphotograph, or photocopy shall be made in a manner and on paper that will comply with Section 12168.7 for recording of permanent records or nonpermanent records, whichever applies. Every reproduction shall be deemed and considered an original. A transcript, exemplification, or certified copy of any reproduction shall be deemed and considered a transcript, exemplification, or certified copy, as the case may be, of the original. Each roll of microfilm shall be deemed and constitute a book and shall be designated and numbered, and provision shall be made for preserving, examining, and using it. A duplicate of each roll of microfilm shall be made and kept in a safe and separate place.

(b) Electronic data processing records, records recorded on optical disk, and records recorded on any other medium shall comply with Section 12168.7. A duplicate copy of any record reproduced in compliance with Section 12168.7 for recording of permanent records or nonpermanent records, whichever applies, shall be deemed an original.

(c) In the event the authorization provided herein is granted, the personal signatures required by Section 25103, if technically feasible, may be reproduced by the authorized process, and the reproduced signatures shall be deemed to satisfy the requirement of Section 25103. If the documents are signed using an electronic or digital signature, reproduced documents shall be considered authenticated if the reproduced documents are created by



a trusted system, as defined in pertinent digital signature regulations, or in compliance with the Uniform Electronic Transactions Act (Title 2.5 (commencing with Section 1633.1) of Part 2 of Division 3 of the Civil Code).

**SEC. 4.** *Section 25121 of the Government Code is amended to read:*

**25121.** (a) Every ordinance shall be signed by the chairperson of the board and attested by the clerk. When attesting to ~~a~~ *an electronic or* digital signature, the clerk may presume that the signature is genuine and attributable to the signatory if the *electronic or* digital signature complies with the requirement set forth in subdivision (a) of Section 16.5.

(b) The amendments made to this section by the act that added this subdivision shall not be construed to affect the validity of a clerk's attestation to any other digital or electronic signature.

~~SEC. 4.~~ **SEC. 5.** Section 26802.5 of the Government Code is amended to read:

**26802.5.** In the Counties of El Dorado, Imperial, Kern, Kings, Lake, Marin, Merced, Modoc, Monterey, Napa, *Nevada*, Riverside, San Joaquin, Solano, Sonoma, and Tulare, a registrar of voters may be appointed by the board of supervisors in the same manner as other county officers are appointed. In those counties, the county clerk is not ex officio registrar of voters, and the registrar of voters shall discharge all duties vested by law in the county elections official that relate to and are a part of the election procedure.

**SEC. 6.** *Section 36932 of the Government Code is amended to read:*

**36932.** (a) Ordinances shall be signed by the mayor and attested by the city clerk. When attesting to ~~a~~ *an electronic or* digital signature, the clerk may presume that the signature is genuine and attributable to the signatory if the *electronic or* digital signature complies with the requirement set forth in subdivision (a) of Section 16.5.

(b) The amendments made to this section by the act that added this subdivision shall not be construed to affect the validity of a clerk's attestation to any other digital or electronic signature.

**SEC. 7.** *Section 37396 of the Government Code is amended to read:*

**37396.** (a) A city, county, or city and county may lease property owned, held, or controlled by it for not to exceed 99 years, for stadium, park, recreational, fair, exposition, or exhibition purposes, or for general sports purposes such as training and competitive sports.

(b) On and after April 24, 2002, a lease executed pursuant to this section on territory annexed pursuant to Section ~~56472~~, *56742*, may not include a shopping center, hotel, motel, or lodging house, but may include a lease for all other purposes authorized under this section, including a lease for either or both of the following purposes:

(1) Any dormitory or medical facility that exclusively, except in the case of a medical emergency, serves individuals participating in training or competitions held at the site leased pursuant to subdivision (a).

(2) Any food facility, as defined by Section 113785 of the Health and Safety Code, food vending, and sales of goods and services incidental to, and in support of, the purposes of the lease.

(c) A lease made by a county pursuant to this section is subject to Article 8 (commencing with Section 25520) of Chapter 5 of Part 2 of Division 2 of Title 3.

~~SEC. 5.~~ **SEC. 8.** Section 53601 of the Government Code, as amended by Section 6 of Chapter 187 of the Statutes of 2023, is amended to read:

**53601.** This section shall apply to a local agency that is a city, a district, or other local agency that does not pool money in deposits or investments with other local agencies, other than local agencies that have the same governing body. However, Section 53635 shall apply to all local agencies that pool money in deposits or investments with other local agencies that have separate governing bodies. The legislative body of a local agency having moneys in a sinking fund or moneys in its treasury not required for the immediate needs of the local agency may invest any portion of the moneys that it deems wise or expedient in those investments set forth below. A local agency purchasing or obtaining any securities prescribed in this section, in a negotiable, bearer, registered, or nonregistered format, shall require delivery of the securities to the local agency, including those



purchased for the agency by financial advisers, consultants, or managers using the agency's funds, by book entry, physical delivery, or by third-party custodial agreement. The transfer of securities to the counterparty bank's customer book entry account may be used for book entry delivery.

For purposes of this section, "counterparty" means the other party to the transaction. A counterparty bank's trust department or separate safekeeping department may be used for the physical delivery of the security if the security is held in the name of the local agency. Where this section specifies a percentage limitation for a particular category of investment, that percentage is applicable only at the date of purchase. For purposes of compliance with this section, an investment's term or remaining maturity shall be measured from the settlement date to final maturity. A security purchased in accordance with this section shall not have a forward settlement date exceeding 45 days from the time of investment. Where this section does not specify a limitation on the term or remaining maturity at the time of the investment, no investment shall be made in any security, other than a security underlying a repurchase or reverse repurchase agreement or securities lending agreement authorized by this section, that at the time of the investment has a term remaining to maturity in excess of five years, unless the legislative body has granted express authority to make that investment either specifically or as a part of an investment program approved by the legislative body no less than three months prior to the investment:

(a) Bonds issued by the local agency, including bonds payable solely out of the revenues from a revenue-producing property owned, controlled, or operated by the local agency or by a department, board, agency, or authority of the local agency.

(b) United States Treasury notes, bonds, bills, or certificates of indebtedness, or those for which the faith and credit of the United States are pledged for the payment of principal and interest.

(c) Registered state warrants or treasury notes or bonds of this state, including bonds payable solely out of the revenues from a revenue-producing property owned, controlled, or operated by the state or by a department, board, agency, or authority of the state.

(d) Registered treasury notes or bonds of any of the other 49 states in addition to California, including bonds payable solely out of the revenues from a revenue-producing property owned, controlled, or operated by a state or by a department, board, agency, or authority of any of the other 49 states, in addition to California.

(e) Bonds, notes, warrants, or other evidences of indebtedness of a local agency within this state, including bonds payable solely out of the revenues from a revenue-producing property owned, controlled, or operated by the local agency, or by a department, board, agency, or authority of the local agency.

(f) Federal agency or United States government-sponsored enterprise obligations, participations, or other instruments, including those issued by or fully guaranteed as to principal and interest by federal agencies or United States government-sponsored enterprises.

(g) Bankers' acceptances otherwise known as bills of exchange or time drafts that are drawn on and accepted by a commercial bank. Purchases of bankers' acceptances shall not exceed 180 days' maturity or 40 percent of the agency's moneys that may be invested pursuant to this section. However, no more than 30 percent of the agency's moneys may be invested in the bankers' acceptances of any one commercial bank pursuant to this section.

This subdivision does not preclude a municipal utility district from investing moneys in its treasury in a manner authorized by the Municipal Utility District Act (Division 6 (commencing with Section 11501) of the Public Utilities Code).

(h) Commercial paper of "prime" quality of the highest ranking or of the highest letter and number rating as provided for by a nationally recognized statistical rating organization (NRSRO). The entity that issues the commercial paper shall meet all of the following conditions in either paragraph (1) or (2):

(1) The entity meets the following criteria:

(A) Is organized and operating in the United States as a general corporation.

(B) Has total assets in excess of five hundred million dollars (\$500,000,000).

(C) Has debt other than commercial paper, if any, that is rated in a rating category of "A" or its equivalent or higher by an NRSRO.

(2) The entity meets the following criteria:

(A) Is organized within the United States as a special purpose corporation, trust, or limited liability company.

(B) Has programwide credit enhancements including, but not limited to, overcollateralization, letters of credit, or a surety bond.

(C) Has commercial paper that is rated "A-1" or higher, or the equivalent, by an NRSRO.

Eligible commercial paper shall have a maximum maturity of 397 days or less. Local agencies, other than counties or a city and county, may invest no more than 25 percent of their moneys in eligible commercial paper. A local agency, other than a county or a city and a county, may invest no more than 10 percent of its total investment assets in the commercial paper and the medium-term notes of any single issuer. Counties or a city and county may invest in commercial paper pursuant to the concentration limits in subdivision (a) of Section 53635.

(i) Negotiable certificates of deposit issued by a nationally or state-chartered bank, a savings association or a federal association (as defined by Section 5102 of the Financial Code), a state or federal credit union, or by a federally licensed or state-licensed branch of a foreign bank. Purchases of negotiable certificates of deposit shall not exceed 30 percent of the agency's moneys that may be invested pursuant to this section. For purposes of this section, negotiable certificates of deposit do not come within Article 2 (commencing with Section 53630), except that the amount so invested shall be subject to the limitations of Section 53638. The legislative body of a local agency and the treasurer or other official of the local agency having legal custody of the moneys are prohibited from investing local agency funds, or funds in the custody of the local agency, in negotiable certificates of deposit issued by a state or federal credit union if a member of the legislative body of the local agency, or a person with investment decisionmaking authority in the administrative office manager's office, budget office, auditor-controller's office, or treasurer's office of the local agency also serves on the board of directors, or any committee appointed by the board of directors, or the credit committee or the supervisory committee of the state or federal credit union issuing the negotiable certificates of deposit.

(j) (1) Investments in repurchase agreements or reverse repurchase agreements or securities lending agreements of securities authorized by this section, as long as the agreements are subject to this subdivision, including the delivery requirements specified in this section.

(2) Investments in repurchase agreements may be made, on an investment authorized in this section, when the term of the agreement does not exceed one year. The market value of securities that underlie a repurchase agreement shall be valued at 102 percent or greater of the funds borrowed against those securities and the value shall be adjusted no less than quarterly. Since the market value of the underlying securities is subject to daily market fluctuations, the investments in repurchase agreements shall be in compliance if the value of the underlying securities is brought back up to 102 percent no later than the next business day.

(3) Reverse repurchase agreements or securities lending agreements may be utilized only when all of the following conditions are met:

(A) The security to be sold using a reverse repurchase agreement or securities lending agreement has been owned and fully paid for by the local agency for a minimum of 30 days prior to sale.

(B) The total of all reverse repurchase agreements and securities lending agreements on investments owned by the local agency does not exceed 20 percent of the base value of the portfolio.

(C) The agreement does not exceed a term of 92 days, unless the agreement includes a written codicil guaranteeing a minimum earning or spread for the entire period between the sale of a security using a reverse repurchase agreement or securities lending agreement and the final maturity date of the same security.

(D) Funds obtained or funds within the pool of an equivalent amount to that obtained from selling a security to a counterparty using a reverse repurchase agreement or securities lending agreement shall not be used to purchase another security with a maturity longer than 92 days from the initial settlement date of the reverse repurchase agreement or securities lending agreement, unless the reverse repurchase agreement or securities lending agreement includes a written codicil guaranteeing a minimum earning or spread for the entire period between the sale of a security using a reverse repurchase agreement or securities lending agreement and the final maturity date of the same security.

(4) (A) Investments in reverse repurchase agreements, securities lending agreements, or similar investments in which the local agency sells securities prior to purchase with a simultaneous agreement to repurchase the security may be made only upon prior approval of the governing body of the local agency and shall be made only with primary dealers of the Federal Reserve Bank of New York or with a nationally or state-chartered bank that has or has had a significant banking relationship with a local agency.

(B) For purposes of this chapter, "significant banking relationship" means any of the following activities of a bank:

- (i) Involvement in the creation, sale, purchase, or retirement of a local agency's bonds, warrants, notes, or other evidence of indebtedness.
- (ii) Financing of a local agency's activities.
- (iii) Acceptance of a local agency's securities or funds as deposits.

(5) (A) "Repurchase agreement" means a purchase of securities by the local agency pursuant to an agreement by which the counterparty seller will repurchase the securities on or before a specified date and for a specified amount and the counterparty will deliver the underlying securities to the local agency by book entry, physical delivery, or by third-party custodial agreement. The transfer of underlying securities to the counterparty bank's customer book-entry account may be used for book-entry delivery.

(B) "Securities," for purposes of repurchase under this subdivision, means securities of the same issuer, description, issue date, and maturity.

(C) "Reverse repurchase agreement" means a sale of securities by the local agency pursuant to an agreement by which the local agency will repurchase the securities on or before a specified date and includes other comparable agreements.

(D) "Securities lending agreement" means an agreement under which a local agency agrees to transfer securities to a borrower who, in turn, agrees to provide collateral to the local agency. During the term of the agreement, both the securities and the collateral are held by a third party. At the conclusion of the agreement, the securities are transferred back to the local agency in return for the collateral.

(E) For purposes of this section, the base value of the local agency's pool portfolio shall be that dollar amount obtained by totaling all cash balances placed in the pool by all pool participants, excluding any amounts obtained through selling securities by way of reverse repurchase agreements, securities lending agreements, or other similar borrowing methods.

(F) For purposes of this section, the spread is the difference between the cost of funds obtained using the reverse repurchase agreement and the earnings obtained on the reinvestment of the funds.

(k) Medium-term notes, defined as all corporate and depository institution debt securities with a maximum remaining maturity of five years or less, issued by corporations organized and operating within the United States or by depository institutions licensed by the United States or any state and operating within the United States. Notes eligible for investment under this subdivision shall be rated in a rating category of "A" or its equivalent or better by an NRSRO. Purchases of medium-term notes shall not include other instruments authorized by this section and shall not exceed 30 percent of the agency's moneys that may be invested pursuant to this section. A local agency, other than a county or a city and a county, may invest no more than 10 percent of its total investment assets in the commercial paper and the medium-term notes of any single issuer.

(l) (1) Shares of beneficial interest issued by diversified management companies that invest in the securities and obligations as authorized by subdivisions (a) to (k), inclusive, and subdivisions (m) to (q), inclusive, and that comply with the investment restrictions of this article and Article 2 (commencing with Section 53630). However, notwithstanding these restrictions, a counterparty to a reverse repurchase agreement or securities lending agreement is not required to be a primary dealer of the Federal Reserve Bank of New York if the company's board of directors finds that the counterparty presents a minimal risk of default, and the value of the securities underlying a repurchase agreement or securities lending agreement may be 100 percent of the sales price if the securities are marked to market daily.

(2) Shares of beneficial interest issued by diversified management companies that are money market funds registered with the United States Securities and Exchange Commission under the Investment Company Act of 1940 (15 U.S.C. Sec. 80a-1 et seq.).

(3) If investment is in shares issued pursuant to paragraph (1), the company shall have met either of the following criteria:

(A) Attained the highest ranking or the highest letter and numerical rating provided by not less than two NRSROs.

(B) Retained an investment adviser registered or exempt from registration with the United States Securities and Exchange Commission with not less than five years' experience investing in the securities and obligations authorized by subdivisions (a) to (k), inclusive, and subdivisions (m) to (q), inclusive, and with assets under management in excess of five hundred million dollars (\$500,000,000).

(4) If investment is in shares issued pursuant to paragraph (2), the company shall have met either of the following criteria:

(A) Attained the highest ranking or the highest letter and numerical rating provided by not less than two NRSROs.

(B) Retained an investment adviser registered or exempt from registration with the United States Securities and Exchange Commission with not less than five years' experience managing money market mutual funds with assets under management in excess of five hundred million dollars (\$500,000,000).

(5) The purchase price of shares of beneficial interest purchased pursuant to this subdivision shall not include commission that the companies may charge and shall not exceed 20 percent of the agency's moneys that may be invested pursuant to this section. However, no more than 10 percent of the agency's funds may be invested in shares of beneficial interest of any one mutual fund pursuant to paragraph (1).

(m) Moneys held by a trustee or fiscal agent and pledged to the payment or security of bonds or other indebtedness, or obligations under a lease, installment sale, or other agreement of a local agency, or certificates of participation in those bonds, indebtedness, or lease installment sale, or other agreements, may be invested in accordance with the statutory provisions governing the issuance of those bonds, indebtedness, or lease installment sale, or other agreement, or to the extent not inconsistent therewith or if there are no specific statutory provisions, in accordance with the ordinance, resolution, indenture, or agreement of the local agency providing for the issuance.

(n) Notes, bonds, or other obligations that are at all times secured by a valid first priority security interest in securities of the types listed by Section 53651 as eligible securities for the purpose of securing local agency deposits having a market value at least equal to that required by Section 53652 for the purpose of securing local agency deposits. The securities serving as collateral shall be placed by delivery or book entry into the custody of a trust company or the trust department of a bank that is not affiliated with the issuer of the secured obligation, and the security interest shall be perfected in accordance with the requirements of the Uniform Commercial Code or federal regulations applicable to the types of securities in which the security interest is granted.

(o) (1) A mortgage passthrough security, collateralized mortgage obligation, mortgage-backed or other pay-through bond, equipment lease-backed certificate, consumer receivable passthrough certificate, or consumer receivable-backed bond.

(2) For securities eligible for investment under this subdivision not issued or guaranteed by an agency or issuer identified in subdivision (b) or (f), the following limitations apply:

(A) The security shall be rated in a rating category of "AA" or its equivalent or better by an NRSRO and have a maximum remaining maturity of five years or less.

(B) Purchase of securities authorized by this paragraph shall not exceed 20 percent of the agency's surplus moneys that may be invested pursuant to this section.

(p) Shares of beneficial interest issued by a joint powers authority organized pursuant to Section 6509.7 that invests in the securities and obligations authorized in subdivisions (a) to (r), inclusive. Each share shall represent an equal proportional interest in the underlying pool of securities owned by the joint powers authority. To be eligible under this section, the joint powers authority issuing the shares shall have retained an investment adviser that meets all of the following criteria:

(1) The adviser is registered or exempt from registration with the United States Securities and Exchange Commission.

(2) The adviser has not less than five years of experience investing in the securities and obligations authorized in subdivisions (a) to (q), inclusive.

(3) The adviser has assets under management in excess of five hundred million dollars (\$500,000,000).

(q) United States dollar denominated senior unsecured unsubordinated obligations issued or unconditionally guaranteed by the International Bank for Reconstruction and Development, International Finance Corporation, or Inter-American Development Bank, with a maximum remaining maturity of five years or less, and eligible for purchase and sale within the United States. Investments under this subdivision shall be rated in a rating category of "AA" or its equivalent or better by an NRSRO and shall not exceed 30 percent of the agency's moneys that may be invested pursuant to this section.

(r) Commercial paper, debt securities, or other obligations of a public bank, as defined in Section 57600.

**SEC. 9.** *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.~~ *Section 57025.* 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. 10.** *Section 62463 of the Government Code is amended to read:*

**62463.** Any action or proceeding to attack, review, set aside, void, or annul the creation of a district, adoption of a downtown revitalization financing plan, including a division of taxes, shall be commenced within 30 days after the enactment of the resolution creating the district pursuant to ~~Section 62451.~~ *62458.* Consistent with the time limitations of this section, an action or proceeding with respect to a division of taxes under this chapter may be brought pursuant to Chapter 9 (commencing with Section 860) of Title 10 of Part 2 of the Code of Civil Procedure.

**SEC. 11.** *Section 62464 of the Government Code is amended to read:*

**62464.** This section implements and fulfills the intent of this ~~chapter~~ *division* and of Article XIII B of the California Constitution. The allocation and payment to a district of the portion of taxes specified in ~~Section 62453~~ *62457* for the ~~purpose of paying principal of, or interest on, loans, or advances incurred by the district pursuant to this chapter,~~ *purposes specified in this division,* shall not be deemed the receipt by a district of proceeds of taxes levied by or on behalf of the district within the meaning or for the purposes of Article XIII B of the California Constitution, nor shall that portion of taxes be deemed receipt of proceeds of taxes by, or an appropriation subject to limitation of, any other public body within the meaning or for purposes of Article XIII B of the California Constitution or any statutory provision enacted in implementation of Article XIII B of the California Constitution.

**SEC. 12.** *The heading of Article 89 (commencing with Section 21220) of Chapter 1.5 of Part 3 of Division 2 of the Public Contract Code is amended to read:*

**Article 89.** ~~Vallejo Sanitation and Flood Control and Wastewater~~ *District*

**SEC. 13.** *Section 21221 of the Public Contract Code is amended to read:*

**21221.** ~~(a)~~ In all work of improvement or repair of any of the works or property of the district and in the furnishing of materials or ~~supplies,~~ *supplies therefor,* when the expenditures exceed four thousand dollars (\$4,000), the

work shall be done by contract, and shall be let to the lowest responsible bidder, after notice by publication in the district pursuant to Section 6066 of the Government Code and by posting the notice for at least five days at or near the door of the meeting place of the board of trustees prior to the date set for opening bids; the notices shall distinctly state the work contemplated or the materials or supplies ~~required;~~ *required therefor*; provided the board of trustees may reject any bid presented and readvertise and post in their discretion, and provided further, that the board may declare and determine that in its opinion the work in question can be performed more economically by day labor or the materials or supplies can be furnished at a lower price in the open market, and they may proceed to have the work done or the materials purchased without further observance of the provisions of this section.

~~(b) In case of an emergency, the board of trustees may declare a state of great public emergency and proceed to have all necessary work done and materials and supplies furnished without regard to this section. Any work or improvement provided for in this act may be located, constructed, and maintained in, along, or across any public road or highway in the County of Solano, in a manner that ensures security for life and property, but the board of trustees shall restore, or cause to be restored, the road or highway to its former state as near as possible, to preserve its usefulness. If notice for bids to let contracts will not be given, the board shall comply with Chapter 2.5 (commencing with Section 22050).~~

~~SEC. 6.~~ **SEC. 14.** Section 11865 of the Public Utilities Code is amended to read:

**11865.** Vacancies on the board shall be filled as provided in this section:

(a) (1) The remaining board members may fill the vacancy by appointment. The person appointed to fill the vacancy shall hold office until the person elected at the next district general election that is scheduled 90 or more days after the effective date of the vacancy has been qualified and takes office. The appointment shall be made within a period of 60 days immediately subsequent to the effective date of the vacancy. A notice of the vacancy shall be posted in three or more conspicuous places in the district at least 15 days before the appointment is made.

(2) In lieu of making an appointment, the remaining members of the board may within 60 days of the vacancy call a special election to fill the vacancy. The person elected at the special election shall hold office for the remainder of the term in which the vacancy occurred.

(b) If the vacancy is not filled by appointment as provided in paragraph (1) of subdivision (a), or if the board has not called for a special election within 60 days of the vacancy as provided in paragraph (2) of subdivision (a), the board of supervisors of the county representing the larger portion of the district area in which the election to fill the vacancy will be held may fill the vacancy by appointment within 90 days of the effective date of the vacancy or may order the district to call a special election to fill the vacancy.

(c) If within 90 days of the effective date of the vacancy, the remaining members of the board or the appropriate board of supervisors have not filled the vacancy by appointment and no election has been called for, the district shall call a special election to fill the vacancy.

(d) A person elected at an election to fill a position to which an appointment was made pursuant to this section shall take office immediately upon issuance of the certificate of election by the secretary of the district, after qualifying according to law, and shall hold office for the remainder of the term in which the vacancy occurs.

~~SEC. 7.~~ **SEC. 15.** The Legislature finds and declares, with respect to Section 4 of this act, that a special statute is necessary and that a general statute cannot be made applicable within the meaning of Section 16 of Article IV of the California Constitution because of the unique circumstances of the County of ~~Kern.~~ *Kern and the County of Nevada*. The facts constituting the special circumstances include the need to reorganize the structure and duties of county officers to reduce costs and increase productivity within the county government.