



AGENDA ITEM 9E

MEETING: March 16, 2022
TO: Humboldt LAFCo Commissioners
FROM: Colette Santsche, LAFCo Executive Officer
SUBJECT: **CALAFCO Request to Support SB 938 (Hertzberg)**
The Commission will consider taking a "support" position on SB 938 (Hertzberg).

BACKGROUND

Senator Hertzberg introduced SB 938 on February 8, 2022 (copy attached), and it has been assigned to the Senate Governance & Finance Committee. As drafted, the bill will consolidate various sections of the Cortese-Knox-Hertzberg Local Government Reorganization Act of 2000 addressing protest proceedings into one section of the Act, make conforming changes, and remove obsolete provisions. The author plans to amend the bill to change the protest threshold for a Commission-initiated dissolution of a special district, from the current ten-percent (10%) to twenty-five percent (25%), consistent with a dissolution proposal for which a proposal has been filed with LAFCo. SB 938 is sponsored by the California Association of Local Agency Formation Commissions (CALAFCO).

DISCUSSION

In 2017, the Little Hoover Commission released a [report](#) reviewing the state's 58 LAFCOs and recommended several measures to strengthen their oversight of special districts. Notably, the report highlighted a complicated and inconsistent set of rules for the dissolution or consolidation of a special district. If a LAFCo initiates an action, the action must go to a public vote if only 10 percent of the district's constituents' protest; for a non-LAFCo initiation of the very same action, a public vote is only required if 25 percent of the affected constituents protest the action. These disparate protest thresholds make necessary special district consolidations and dissolutions considerably more difficult when initiated by a LAFCo. Further, they serve as a deterrent for LAFCOs to initiate action in the first place, even if meaningful efficiencies in the provision of public services could be achieved, or if a district is failing to meet its statutory requirements.

Following the Little Hoover Commission report, the California Association of Local Agency Formation Commissions (CALAFCO) formed a working group to discuss the consolidation and dissolution process and to provide LAFCOs with the tools they need to carry out their statutory obligations. The Working Group included several individuals representing CALAFCO, several representatives of the California Special Districts Association (CSDA), a representative of the County Supervisors Association of California (CSAC), a representative of the League of California Cities, and the staff consultants to the Senate Governance & Finance Committee and the Assembly Local Government Committee. Consistent with agreements made in this three-year effort, SB 938, as

proposed to be amended, creates specific conditions under which a LAFCo may initiate dissolution of a special district with a 25 percent protest threshold, including:

- Determinations for the proposed action must be documented in a Municipal Service Review and presented at a 21-day noticed public hearing;
- The district in question must be granted a minimum 12-month remediation period and an opportunity to provide a progress report to the LAFCO prior to taking 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 standard protest hearing process outlined in existing law with a public notice period of 60 days."

While Commission-initiated dissolutions are relatively rare, the lower threshold (10% vs. 25%) can deter LAFCOs from acting.

RECOMMENDATION

Staff recommends the Commission take a "support" position on SB 938 and direct staff to submit a letter of support to the California State Senate for consideration.

Attachments

Attachment A - Draft Humboldt LAFCo Letter of Support

Attachment B - SB 938 Fact Sheet

Attachment C - SB 938 Bill



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March 16, 2022

Honorable Robert Hertzberg
California State Senate
1021 O Street, Room 8610
Sacramento, CA 95814

Subject: **Support of SB 938: The Cortese-Knox-Hertzberg Local Government Reorganization Act of 2000: protest proceedings: procedural consolidation**

Dear Senator Hertzberg:

The Humboldt Local Agency Formation Commission (LAFCo) is pleased to join the California Association of Local Agency Formation Commissions (CALAFCO) in support of your bill, SB 938, which makes changes to the Cortese-Knox-Hertzberg Local Government Reorganization Act of 2000 (The Act). SB 938 represents a collaborative three-year effort led by CALAFCO to clean up, consolidate, and clarify existing statutory provisions associated with consolidations and dissolutions, as well as codify the conditions under which LAFCo may initiate dissolution of a district at the 25% protest threshold (the latter of which are proposed and pending amendments).

The statutes related to protest provisions and the disparate protest thresholds established for LAFCo-initiated actions (10%) and all other initiated actions (25%) make addressing necessary and appropriate special district consolidations and dissolutions considerably more difficult when initiated by a LAFCo. Further, they serve as a deterrent for LAFCo to initiate action, even if meaningful efficiencies in the provision of public services could be achieved or if a district is failing to meet its statutory requirements.

As introduced, the bill represents the redraft of existing protest statutes with some minor technical clarifications added. The pending proposed amendments from CALAFCO allow LAFCos to initiate dissolution of a district at the 25% protest threshold under specific circumstances. All of this work is in response to a recommendation made in the 2017 Little Hoover Commission report after a year-long study (Special Districts: Improving Oversight and Transparency) and the formation of a working group by CALAFCO of stakeholders in early 2019. The intent was to examine the protest process for consolidations and dissolutions of special districts, and after three years of work (delayed due to the pandemic), the working group came to consensus on the redraft of existing protest statutes (representative of SB 938 as introduced) and a new process that allows LAFCos to initiate dissolution of a district at the 25% protest threshold under specific circumstances (pending amendment into SB 938).

The overarching goal of these changes is to ensure that LAFCos have the tools we need to carry out our statutory obligations to ensure orderly and functioning local government services and to create greater consistency in the statute. The specific circumstances under which a dissolution may be initiated are more than reasonable and the subsequent process includes three noticed public hearings, a minimum 12-month remediation period, and a 60-day protest period, all of which are extremely practical. Additionally, the proposed process for LAFCo-initiated actions at the 25% protest threshold applies only to dissolutions, making the scope of use exceptionally narrow.

SB 938 makes much needed and long-awaited improvements to The Act through the restructure and clarification of existing protest provisions, and addition of a fair and appropriate process that offers LAFCOs additional tools necessary to effectively fulfill their statutory obligations.

We thank you for your authorship of this critical legislation and for continuing your long support of the work of LAFCOs. For all these reasons, we are pleased to support your bill SB 938.

Yours sincerely,

Virginia Bass
Humboldt LAFCo Commission Chair

Cc:
Members, Senate Governance and Finance Committee
Anton Favorini-Csorba, Consultant, Senate Governance and Finance Committee
Ryan Eisberg, Consultant, Senate Republican Caucus
Rene LaRoche, Executive Director, California Association of Local Agency Formation Commissions



The Cortese-Knox-Hertzberg Local Government Reorganization Act of 2000: Protest Proceedings

**FACT SHEET:
SB 938 (HERTZBERG)**

BACKGROUND

LAFCoS are independent regulatory commissions created by the Legislature to control the boundaries of cities, county service areas, and most special districts. The purpose of LAFCoS includes the discouragement of urban sprawl, the preservation of agricultural and open space lands, and the encouragement of the orderly formation and development of local agencies. In an effort to better meet these obligations, the duties and authority of LAFCoS were significantly modified by the Cortese-Knox-Hertzberg Local Government Reorganization Act of 2000 (AB 2838, Hertzberg). Chief among the act's provisions is the authority for LAFCoS to conduct Municipal Service Reviews, which, among other things, provide information to guide districts in performance improvement. These reviews can serve as a catalyst for LAFCoS to initiate district consolidations or dissolutions.



In response to a recommendation made in the 2017 Little Hoover Commission report (Special Districts: Improving Oversight and Transparency), the California Association of Local Agency Formation Commissions (CALAFCO) initiated a working group of stakeholders in early 2019 to discuss the protest process for consolidations and dissolutions of special districts.

The statutes related to protest provisions and the disparate protest thresholds established for LAFCo-initiated actions (10 percent) and all other initiated actions (25 percent) make addressing necessary and appropriate special district consolidations and dissolutions considerably more difficult when initiated by a LAFCo. Further, they serve as a deterrent for LAFCo to initiate action, even if meaningful efficiencies in the provision of public services could be achieved or if a district is failing to meet its statutory requirements.

The working group agreed on three main deliverables:



First was to review the protest provisions within the Cortese-Knox-Hertzberg Local Government Reorganization Act of 2000 (The Act) for relevance and to delete any obsolete provisions, which was accomplished through AB 1581 (2021).



The second deliverable was to redraft existing scattered protest code sections within The Act into a single code section to simplify the reading of the code section.



The final—and most challenging—deliverable was to examine the differing protest thresholds relating to LAFCo-initiated actions and all other initiated actions.



AFTER CONSIDERABLE NEGOTIATION, THE WORKING GROUP GAVE CONSENSUS ON THE FOLLOWING CHANGES TO CKH:



The redrafting of existing protest code sections into one main section to simplify the reading of the section, and to add minor, non-substantive clarifications;



Create specific circumstances under which a LAFCo may initiate dissolution of a district with a 25% protest threshold, with determinations documented in a Municipal Service Review and presented at a 21-day noticed public hearing;



Allow for a minimum 12-month remediation period for the district with a progress report provided by the district to the LAFCo halfway through the remediation period; and



A second 21-day noticed public hearing to determine if the identified issues have been mitigated, which would result in the LAFCo either terminating the dissolution or moving forward with the dissolution using 25% protest threshold under the standard protest hearing process already in statute, with a public notice period of 60 days.



The overarching goal of these changes is to ensure that LAFCos have the tools they need to carry out their statutory obligations to ensure orderly and functioning local government services and to create greater consistency in the statute.

SUMMARY

SB 938 represents a collaborative three-year effort to clean up, consolidate, and clarify existing statutory provisions associated with consolidations and dissolutions, as well as codify the conditions under which a LAFCo may initiate dissolution of a district at the 25 percent protest threshold.

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SENATE BILL

No. 938

Introduced by Senator Hertzberg
(Coauthor: Assembly Member Mayes)

February 8, 2022

An act to amend Sections 56824.14, 57075, 57077.1, 57077.2, 57077.3, 57077.4, and 57090 of, to add Sections 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 introduced, 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.

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. State-mandated local program: no.

The people of the State of California do enact as follows:

1 SECTION 1. Section 56824.14 of the Government Code is
2 amended to read:

3 56824.14. (a) The commission shall review and approve with
4 or without amendments, wholly, partially, or conditionally, or
5 disapprove proposals for the establishment of new or different
6 functions or class of services, or the divestiture of the power to
7 provide particular functions or class of services, within all or part
8 of the jurisdictional boundaries of a special district, after a public
9 hearing called and held for that purpose. The commission shall
10 not approve a proposal for the establishment of new or different
11 functions or class of services within the jurisdictional boundaries
12 of a special district unless the commission determines that the
13 special district will have sufficient revenues to carry out the
14 proposed new or different functions or class of services except as
15 specified in paragraph (1).

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

28 (2) Unless otherwise required by the principal act of the subject
29 special district, or unless otherwise required by Section ~~57075~~ or
30 ~~57076~~, 57075, the approval by the commission for establishment
31 of new or different functions or class of services, or the divestiture

1 of the power to provide particular functions or class of services,
2 shall not be subject to an election.

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

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

17 SEC. 2. Section 57075 of the Government Code is amended
18 to read:

19 ~~57075. In the case of registered voter districts or cities, where~~
20 *Where* a change of organization or reorganization consists solely
21 of annexations, detachments, the exercise of new or different
22 functions or class of services or the divestiture of the power to
23 provide particular functions or class of services within all or part
24 of the jurisdictional boundaries of a special district, or any
25 combination of those proposals, the commission, not more than
26 30 days after the conclusion of the hearing, shall make a finding
27 regarding the value of written protests filed and not withdrawn,
28 ~~and take one of the following actions, except as provided in~~
29 ~~subdivision (b) of Section 57002:~~ *take the action set forth in either*
30 *subdivision (a) of Section 57091, in the case of registered voter*
31 *districts or cities, or subdivision (b) of Section 57091, in the case*
32 *of landowner-voter districts.*

33 ~~(a) In the case of inhabited territory, take one of the following~~
34 ~~actions:~~

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

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

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

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

6 ~~(3) Order the change of organization or reorganization without
7 an election if paragraphs (1) and (2) of this subdivision do not
8 apply.~~

9 ~~(b) In the case of uninhabited territory, take either of the
10 following actions:~~

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

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

17 SEC. 3. Section 57076 of the Government Code is repealed.

18 ~~57076. In the case of landowner-voter districts, where a change
19 of organization or reorganization consists solely of annexations
20 or detachments, the exercise of new or different functions or class
21 of services or the divestiture of the power to provide particular
22 functions or class of services within all or part of the jurisdictional
23 boundaries of a special district, or any combination of those
24 proposals, the commission, not more than 30 days after the
25 conclusion of the hearing, shall make a finding regarding the value
26 of written protests filed and not withdrawn, and take one of the
27 following actions, except as provided in subdivision (b) of Section
28 57002:~~

29 ~~(a) Terminate proceedings if a majority protest exists in
30 accordance with Section 57078.~~

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

34 ~~(1) Twenty-five percent or more of the number of owners of
35 land who also own 25 percent or more of the assessed value of
36 land within the territory.~~

37 ~~(2) Twenty-five percent or more of the voting power of
38 landowner voters entitled to vote as a result of owning property
39 within the territory.~~

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

6 SEC. 4. Section 57077.1 of the Government Code is amended
7 to read:

8 57077.1. (a) If a change of organization consists of a
9 dissolution, the commission shall order the dissolution without
10 confirmation of the voters, except if the proposal meets the
11 requirements of subdivision (b), the commission shall order the
12 dissolution subject to confirmation of the voters.

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

15 (1) If the proposal was not initiated by the commission, and if
16 a subject agency has not objected by resolution to the proposal,
17 the commission has found that protests meet ~~one of the following~~
18 ~~the applicable~~ protest ~~thresholds; thresholds set forth in Section~~
19 ~~57093.~~

20 ~~(A) In the case of inhabited territory, protests have been signed~~
21 ~~by either of the following:~~

22 ~~(i) At least 25 percent of the number of landowners within the~~
23 ~~affected territory who own at least 25 percent of the assessed value~~
24 ~~of land within the territory.~~

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

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

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

36 ~~(A) In the case of inhabited territory, protests have been signed~~
37 ~~by either of the following:~~

38 ~~(i) At least 25 percent of the number of landowners within any~~
39 ~~subject agency within the affected territory who own at least 25~~
40 ~~percent of the assessed value of land within the territory.~~

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

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

9 (3) If the proposal was initiated by the commission, and
10 regardless of whether a subject agency has objected to the proposal
11 by resolution, written protests have been submitted that meet the
12 requirements of Section ~~57113~~. 57077.6.

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

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

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

30 SEC. 5. Section 57077.2 of the Government Code is amended
31 to read:

32 57077.2. (a) If the change of organization consists of a
33 consolidation of two or more districts, the commission shall order
34 the consolidation without confirmation by the voters, except that
35 if the proposal meets the requirements of subdivision (b), the
36 commission shall order the consolidation subject to confirmation
37 of the voters.

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

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

6 ~~(A) In the case of inhabited territory, protests have been signed~~
7 ~~by either of the following:~~

8 ~~(i) At least 25 percent of the number of landowners within the~~
9 ~~territory subject to the consolidation who own at least 25 percent~~
10 ~~of the assessed value of land within the territory.~~

11 ~~(ii) At least 25 percent of the voters entitled to vote as a result~~
12 ~~of residing within, or owning land within, the territory.~~

13 ~~(B) In the case of a landowner-voter district, the territory is~~
14 ~~uninhabited and protests have been signed by at least 25 percent~~
15 ~~of the number of landowners within the territory subject to the~~
16 ~~consolidation, owning at least 25 percent of the assessed value of~~
17 ~~land within the territory.~~

18 (2) If the commission has approved a proposal not initiated by
19 the commission and if a subject agency has not objected by
20 resolution to the proposal, written protests have been submitted
21 that meet the requirements specified in subparagraph (A) or (B)
22 of paragraph (1). *applicable protest thresholds set forth in Section*
23 *57093.*

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

28 ~~(A) In the case of inhabited territory, protests have been signed~~
29 ~~by either of the following:~~

30 ~~(i) At least 25 percent of the number of landowners within any~~
31 ~~subject agency within the affected territory who own at least 25~~
32 ~~percent of the assessed value of land within the territory.~~

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

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

1 (4) If the commission has approved a proposal initiated by the
 2 commission, and regardless of whether a subject agency has
 3 objected to the proposal by resolution, written protests have been
 4 submitted that meet the requirements of Section ~~57113~~: 57077.6.

5 SEC. 6. Section 57077.3 of the Government Code is amended
 6 to read:

7 57077.3. (a) If a proposal consists of a reorganization not
 8 described in Section 57075, ~~57076~~, 57077, 57077.4, or 57111, the
 9 commission shall order the reorganization without confirmation
 10 by the voters except that if the reorganization meets the
 11 requirements of subdivision (b), the commission shall order the
 12 reorganization subject to confirmation of the voters.

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

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

20 (A) ~~In the case of inhabited territory, protests have been signed~~
 21 ~~by either of the following:~~

22 (i) ~~At least 25 percent of the number of landowners within the~~
 23 ~~affected territory who own at least 25 percent of the assessed value~~
 24 ~~of land within the territory.~~

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

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

32 (2) If the commission has approved a proposal not initiated by
 33 the commission, and if a subject agency has not objected by
 34 resolution to the proposal, a written protest has been submitted
 35 that meets ~~the requirements specified in subparagraph (A) or (B)~~
 36 ~~of paragraph (1)~~: *the applicable protest thresholds set forth in*
 37 *Section 57093*.

38 (3) If the commission has approved a proposal not initiated by
 39 the commission, and if a subject agency has objected by resolution

1 to the proposal, written protests have been submitted as follows:
2 *that meet one of the protest thresholds set forth in Section 57094.*

3 ~~(A) In the case of inhabited territory, protests have been signed~~
4 ~~by either of the following:~~

5 ~~(i) At least 25 percent of the number of landowners within any~~
6 ~~subject agency within the affected territory who own at least 25~~
7 ~~percent of the assessed value of land within the territory.~~

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

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

16 (4) If the commission has approved a proposal initiated by the
17 commission, and regardless of whether a subject agency has
18 objected to the proposal by resolution, written protests have been
19 submitted that meet the requirements of Section ~~57113.~~ 57077.6.

20 ~~(e) This section shall not apply to reorganizations governed by~~
21 ~~Sections 56853.5 and 56853.6.~~

22 SEC. 7. Section 57077.4 of the Government Code is amended
23 to read:

24 57077.4. (a) If a reorganization consists of the dissolution of
25 one or more districts and the annexation of all or substantially all
26 the territory to another district not initiated pursuant to Section
27 56853 or by the commission pursuant to Section 56375, the
28 commission shall order the reorganization without confirmation
29 by the voters except that if the reorganization meets the
30 requirements of subdivision ~~(b),~~ (b) or (c), the commission shall
31 order the reorganization subject to confirmation by the voters.

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

36 ~~(1) In the case of inhabited territory, protests have been signed~~
37 ~~by either of the following:~~

38 ~~(A) At least 25 percent of the number of landowners within any~~
39 ~~subject agency within the affected territory who own at least 25~~
40 ~~percent of the assessed value of land within the territory.~~

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

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

9 ~~(3) If~~

10 ~~(c) The commission shall order the reorganization subject to~~
11 ~~confirmation by the voters if the reorganization has been initiated~~
12 ~~by the commission pursuant to Section ~~56375~~, 56375 and protests~~
13 ~~have been submitted that meet the requirements of Section ~~57113~~.~~
14 ~~57077.6.~~

15 SEC. 8. Section 57077.5 is added to the Government Code, to
16 read:

17 57077.5. (a) In any resolution ordering a merger or
18 establishment of a subsidiary district, the commission shall approve
19 the change of organization without an election except that if the
20 change of organization meets the requirements of subdivision (b),
21 the commission shall order the change of organization subject to
22 confirmation of the voters.

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

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

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

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

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

1 SEC. 9. Section 57077.6 is added to the Government Code, to
2 read:

3 57077.6. Notwithstanding Section 57102, 57108, or 57111,
4 for any proposal that was initiated by the commission pursuant to
5 subdivision (a) of Section 56375, the commission shall forward
6 the change of organization or reorganization for confirmation by
7 the voters if the commission finds written protests have been
8 submitted that meet the applicable protest thresholds set forth in
9 Section 57094.

10 SEC. 10. Section 57090 of the Government Code is amended
11 to read:

12 57090. (a) Except as otherwise provided in subdivision (b), if
13 proceedings are terminated, either by majority protest as provided
14 in Sections ~~57075, 57076~~, 57075 and 57077, or if a majority of
15 voters do not confirm the change of organization or reorganization
16 as provided in Section 57179, no substantially similar proposal
17 for a change of organization or reorganization of the same or
18 substantially the same territory may be filed with the commission
19 within two years after the date of the certificate of termination if
20 the proposal included an incorporation or city consolidation and
21 within one year for any other change of organization or
22 reorganization.

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

26 SEC. 11. Chapter 4.5 (commencing with Section 57091) is
27 added to Part 4 of Division 3 of Title 5 of the Government Code,
28 to read:

29

30 CHAPTER 4.5. PROTEST THRESHOLDS

31

32 57091. (a) For purposes of Section 57075, relating to
33 annexations, detachments, and latent powers, in the case of
34 registered voter districts or cities:

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

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

39 (B) Order the change of organization or reorganization subject
40 to confirmation by the registered voters residing within the affected

1 territory if written protests have been filed and not withdrawn by
2 either of the following:

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

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

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

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

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

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

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

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

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

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

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

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

38 57092. For purposes of Sections 57077.1, relating to
39 dissolution, 57077.2, relating to consolidation, 57077.3, relating
40 to reorganization, 57077.4, relating to dissolution and annexation,

1 and 57077.5, relating to merger or establishment of a subsidiary
2 district, the following protest thresholds shall apply:

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

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

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

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

15 57093. For proposals not initiated by the commission and where
16 a subject agency has objected by resolution to the proposal, for
17 purposes of Sections 57077.1, relating to dissolution, 57077.2,
18 relating to consolidation, 57077.3, relating to reorganization,
19 57077.4, relating to dissolution and annexation, and 57077.5,
20 relating to merger or establishment of a subsidiary district, the
21 following protest thresholds shall apply:

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

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

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

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

35 57094. For purposes of Section 57077.6, relating to proposals
36 initiated by the commission, the following protest thresholds shall
37 apply:

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

1 (1) At least 10 percent of the number of landowners within any
2 subject agency within the affected territory who own at least 10
3 percent of the assessed value of land within the territory. However,
4 if the number of landowners within a subject agency is less than
5 300, the protests shall be signed by at least 25 percent of the
6 landowners who own at least 25 percent of the assessed value of
7 land within the affected territory of the subject agency.

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

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

21 SEC. 12. Section 57107 of the Government Code is repealed.

22 ~~57107. (a) In any resolution ordering a merger or establishment~~
23 ~~of a subsidiary district, the commission shall approve the change~~
24 ~~of organization without an election except that if the change of~~
25 ~~organization meets the requirements of subdivision (b), the~~
26 ~~commission shall order the change of organization subject to~~
27 ~~confirmation of the voters.~~

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

31 ~~(1) If the proposal was not initiated by the commission, and if~~
32 ~~a subject agency has not objected by resolution to the proposal,~~
33 ~~the commission has found that protests meet one of the following~~
34 ~~protest thresholds:~~

35 ~~(A) In the case of inhabited territory, protests have been signed~~
36 ~~by either of the following:~~

37 ~~(i) At least 25 percent of the number of landowners within the~~
38 ~~affected territory who own at least 25 percent of the assessed value~~
39 ~~of land within the territory.~~

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

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

8 ~~(2) If the proposal was not initiated by the commission, and if~~
9 ~~a subject agency has objected by resolution to the proposal, written~~
10 ~~protests have been submitted as follows:~~

11 ~~(A) In the case of inhabited territory, protests have been signed~~
12 ~~by either of the following:~~

13 ~~(i) At least 25 percent of the number of landowners within any~~
14 ~~subject agency within the affected territory who own at least 25~~
15 ~~percent of the assessed value of land within the territory.~~

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

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

24 ~~(3) If the proposal was initiated by the commission, and~~
25 ~~regardless of whether a subject agency has objected to the proposal~~
26 ~~by resolution, written protests have been submitted that meet the~~
27 ~~requirements of Section 57113.~~

28 ~~(e) Notwithstanding subdivision (a) or (b), the commission shall~~
29 ~~not order the merger or establishment of a subsidiary district~~
30 ~~without the consent of the subject city.~~

31 SEC. 13. Section 57113 of the Government Code is repealed.
32 57113. Notwithstanding Section 57102, 57108, or 57111, for
33 any proposal that was initiated by the commission pursuant to
34 subdivision (a) of Section 56375, the commission shall forward
35 the change of organization or reorganization for confirmation by
36 the voters if the commission finds either of the following:

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

39 ~~(1) At least 10 percent of the number of landowners within any~~
40 ~~subject agency within the affected territory who own at least 10~~

1 percent of the assessed value of land within the territory. However,
 2 if the number of landowners within a subject agency is less than
 3 300, the protests shall be signed by at least 25 percent of the
 4 landowners who own at least 25 percent of the assessed value of
 5 land within the territory of the subject agency.

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

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

19 SEC. 14. Section 116687 of the Health and Safety Code is
 20 amended to read:

21 116687. (a) For purposes of this section, the following terms
 22 have the following meanings:

23 (1) “District” means the Sativa-Los Angeles County Water
 24 District.

25 (2) “Commission” means the Local Agency Formation
 26 Commission for the County of Los Angeles.

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

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

36 (A) Notwithstanding Article 1 (commencing with Section
 37 30500) of Chapter 1 of Part 3 of Division 12 of the Water Code,
 38 the district’s board of directors shall surrender all control to the
 39 appointed administrator and shall thereafter cease to exist.

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

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

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

15 (3) Any decision by the commission about the dissolution or
16 consolidation of the district is not subject to the provisions of
17 ~~Section 57113~~ 57077.6 of the Government Code, nor to any other
18 requirement for a protest proceeding or election. The commission
19 shall not impose any condition on the successor agency that
20 requires a protest proceeding or an election, as described in Part
21 4 (commencing with Section 57000) and Part 5 (commencing with
22 Section 57300) of Division 3 of Title 5 of the Government Code,
23 respectively.

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

35 (d) The state board may provide additional funding to the
36 administrator or the Water Replenishment District of Southern
37 California or the successor agency designated by the commission
38 for urgent infrastructure repairs to the public water system of the
39 district without regard to the future ownership of any facilities
40 affected by this funding. For purposes of this section, “urgent

1 infrastructure repairs” are those that are immediately necessary to
2 protect the public health, safety, and welfare of those served by
3 the district.

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

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

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

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

1 (2) For the administrator appointed pursuant to subdivision (b),
2 the interim operation period commences upon being appointed by
3 the state board and ends when a successor agency has been
4 designated by the commission to provide water service to
5 ratepayers of the district, when a receiving water agency is
6 consolidated with or extends service to ratepayers of the district,
7 when a water corporation acquires the district with the approval
8 of the Public Utilities Commission, or when the administrator's
9 obligation to provide interim administrative and managerial
10 services has otherwise ended.

O