



**California Special
Districts Association**
Districts Stronger Together



SPECIAL DISTRICT FORMATION GUIDE





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I. Introduction

Does your community need new or improved local services? Are you contemplating a local governmental solution? This guide, jointly produced by the California Special Districts Association (CSDA) and the California Association of Local Agency Formation Commissions (CALAFCO), is a resource for anyone considering the formation of a special district.

This is not a guide promoting special district formation. Rather, this is a guide to help interested members of the public determine whether a special district can best meet their community's needs and, if so, help them in navigating the formation process. Ultimately, the shared goals of CSDA and CALAFCO are to help the public understand the formation process and ensure that any newly formed special district is given the best opportunity to succeed.

WHAT IS A SPECIAL DISTRICT?

Self-determination and local control represent the foundation of the American governmental system, and perhaps no form of government is more "local" than the independent special district. Special districts are local government agencies that provide public infrastructure and essential services, including but not limited to, water, fire protection, recreation and parks, and garbage collection. Since California became a state in 1850, voters have established over 2,000 independent special districts to meet their local needs.

Special districts can serve large regions or small neighborhoods based on need, and they are governed by board members elected from their local communities or appointed by other voter-approved local bodies. They have corporate powers, so they can hire employees, enter into contracts, and acquire property. Within constitutional limits, they can also issue bonds, impose special taxes, levy benefit assessments, and charge service fees.

As public agencies, special districts are held accountable to their local voters. They must file independent audits with the county auditor and annual financial transaction and compensation reports with the State Controller's Office. Like cities and counties, every special district board must comply with Fair Political Practices Commission (FPPC) regulations, the Public Records Act, and all open meeting requirements in the Brown Act.

Local Agency Formation Commissions (LAFCOs) are responsible for overseeing the formation of new special districts and other public

agencies, as well as changes in agency boundaries. LAFCOs also adopt a sphere of influence, or a plan for the potential boundaries and service area, for each agency. Finally, LAFCOs conduct regular municipal service reviews of special districts and other local agencies to capture and analyze information about the governance structures and efficiencies of service providers, and to identify opportunities for greater coordination and cooperation between agencies.

INDEPENDENT V. DEPENDENT SPECIAL DISTRICTS

Independent districts have autonomous boards that are elected by voters or appointed to fixed terms. They can hire employees directly or contract with others to provide the services for which they are formed. Dependent districts are governed by other governmental agencies, like cities or counties. For example, counties often provide enhanced levels of certain county services to specific geographic areas using *County Service Areas* (CSAs). The County Board of Supervisors acts as the legislative body of a CSA, and county employees often provide the services and carry out the administrative responsibilities such as accounting, contract oversight, purchasing, and budgeting.

For the purposes of this guide, we will focus primarily on independent special districts. Going forward, one should read the terms special district and independent special district synonymously.

II. Addressing Community Needs

WHAT DOES YOUR COMMUNITY NEED, EXACTLY?

Organized public services can greatly enhance the quality of life of a community. As communities evolve and grow, the public services made available may not grow at the same pace, or may provide service at a level that was historically acceptable, but may not meet the *current* needs of the population. As you consider how best to meet your community's needs, including exploring the formation of a new special district, start by finding the answers to the following questions:

1. What is the specific service or suite of services that your community needs to establish or enhance?
2. How broad and how important is the service need? For example, is the need limited to a small number of people, such as the condition of a single road? Or, is the need widely known and strongly felt by the community-at-large, such as the provision of emergency medical services or fire protection where only limited services currently exist?

3. Are you concerned with the *lack* of service, the *level* of service, and/or the *cost* of service?
4. Does a service provider, such as a city, county, special district, joint powers authority, or private service company, currently exist in or near the area, which could potentially deliver needed services to the community?
5. If a service provider is currently delivering services to your community, is there a process to effect a change in the services currently provided? Some examples of actions you could take to improve the services your community is receiving include attending meetings, circulating petitions, conducting surveys, and writing letters to the service provider.
6. How important is local control to your community?
7. Is your community willing and able to pay for the level of services you desire?

With the answers to the above questions in mind, you can now consider whether forming an independent special district is right for your community.

ARE SPECIAL DISTRICTS EQUIPPED TO ADDRESS YOUR COMMUNITY'S NEED?

Special districts are *limited purpose* local governments. This means that, unlike cities and counties, special districts focus on providing one service or a single suite of services. Focused service, or specialized service, is ultimately what makes special districts "special." It can lead to innovative and sustainable local decisions. However, it also limits the scope and breadth of what a special district can perform. Special districts do not have land-use planning jurisdiction, and they can only be granted service authority consistent with their enabling act.

Enabling acts are legislative statutes that serve as the framework for a district, outlining the legal parameters for its governance and operation. These statutes specify the types of services special districts can provide, the means by which the services may be funded, the governance structure of the district, how the district may be created, and how it may expand its boundaries through annexation.

There are two types of enabling acts: principal acts and special acts. Principal acts are established for an entire category of special districts. The State Legislature has established 29 different principal acts for the different types of special districts. A spreadsheet overviewing each principal act can be found in the Appendix.

Special acts are created by the Legislature when there is a specific need in a locale that cannot be met by the traditional formation of a special district. There are 141 independent and dependent special districts formed through special act legislation for specific purposes separate from the standard special district principal acts.

After determining what your community needs, the next step is to determine if there is a type of special district equipped to meet those needs by reviewing the various principal acts. If the appropriate district does not exist, special act legislation would be necessary to move forward.

Although most districts provide only one or two specific services, there are several types of districts that are permitted by their principal acts to deliver a wider range of services. For example, community services districts are permitted to deliver up to 32 different types of services, such as fire protection, sewer, water, and recreation services. Due to the base cost of operating a special district, including electing directors, conducting meetings, hiring management, and maintaining insurance, it is often considered favorable to add new services to existing special districts where possible, instead of creating new entities.

There may be several types of special districts that have statutory authority to deliver the services your community needs. For community members seeking to form a new district to deliver improved services, it is critical to understand the various alternative structures. Fortunately, there are resources available locally and statewide to assist community members in assessing the options.

UTILIZE RESOURCES TO HELP YOU LEARN MORE ABOUT SPECIAL DISTRICTS

Before taking any formal actions in the process to form a special district, it's best to connect with some resources who can help you along the way. Your first calls should be to CSDA and your local LAFCo. While they cannot be a proponent of your efforts, they will strive to be a helpful source of information.

Meet with the local California Special Districts Association (CSDA) Public Affairs Field Coordinator

CSDA is a nonprofit organization that provides services and resources for special districts throughout the state. CSDA employs personnel that are experienced in community service needs and the services provided by special districts. CSDA representatives can meet with organized community groups to assist them in determining if formation of a special district is appropriate, and the type of special district best suited for the situation. In addition, CSDA has a broad



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network of professional consultants experienced in the formation of new districts, reorganization of existing districts, and other service delivery options.

Meet with the LAFCo Executive Officer

Each county has a Local Agency Formation Commission (LAFCo). Part of LAFCo's responsibility is to oversee the creation of new agencies and the expansion or reorganization of existing agencies. Consequently, an effort to form a new district, or to annex an area to an existing district must begin with LAFCo. The LAFCo staff is an excellent source of information about local government structures and can assist citizens in evaluating their options. Meet with your local LAFCo early and often.

After meeting with CSDA and your local LAFCo, be sure to keep them in the loop on your progress. The road to special district formation can be long and complicated. As you make your way, you will have more questions, and these organizations may be able to help.

ARE THE DESIRED SERVICES CURRENTLY PROVIDED BY OTHERS?

In some situations, if the needed services are provided by a nearby agency, it may be possible and more cost effective to obtain services by annexing the unserved territory to the existing entity. Choosing this option could potentially save significant time and energy.

LAFCo staff is a good source of information about whether other agencies are providing the needed services, as well as the process for annexation to an existing service provider. They can also provide you with contact information for your existing service providers in the event you want to discuss with them your interest in different or higher levels of services. CSDA is another resource on these matters.

WHAT ARE THE COSTS OF SPECIAL DISTRICT SERVICES?

Costs will vary depending upon the type of service provided, and the level or quality of service desired by the community. However, all districts face certain annual administrative requirements that must be included in the budget:

- Insurance (liability, errors and omissions, workers' comp)
- Financial audits (generally required annually)
- County tax roll fees (to place taxes or assessments on the property tax roll)
- Elections (annual share of biennial expense)
- Meeting costs
- Mandatory board member trainings

In addition, other costs will likely apply, depending upon the situation:

- Bookkeeping, accounting, and payroll
- Legal counsel
- Employees and/or contract workforce
- Professional development for staff and board members
- Rent
- Utilities

- Telephone and internet
- Office supplies
- Notices and publications
- Share of LAFCo costs, if special districts have representation on LAFCo in your county
- Memberships in trade associations and other organizations

A sample administrative baseline budget is included in the Appendix to provide some rough cost estimates for each of the above listed items.

HOW WILL THE SERVICES BE PAID?

This is the most critical question that proponents of a new district must absolutely answer. An accurate assessment of the cost of providing services is required for determining whether your community will be able to afford the services.

It is easy to overlook or underestimate administrative and operational costs when designing a preliminary budget for a new district. Fortunately, there are good sources of information available both locally and statewide. Nearby special districts can provide advice as to their actual service costs, and perhaps some cautionary tales. LAFCo staff is a good source of information about nearby districts and organizational alternatives. CSDA has an extensive network of both districts and consultants, which can answer nearly any question related to the cost of operating a special district. CSDA also has documentation, such as draft district policies and procedures, available for a small fee.

There are a variety of funding mechanisms available to pay the costs of providing public services - each of which has its own specific calculation, approval, and implementation requirements. CSDA offers several publications related to taxes, fees, assessments, and compliance with related laws.

Enterprise v. Non-Enterprise Districts

Enterprise districts are funded primarily through fees for services. For example, water districts charge their constituents fees for water delivery and health care districts, which can operate hospitals, charge patients for room fees. Non-enterprise districts are funded primarily through property taxes and assessments. They provide services that do not lend themselves to fees. For example, fire protection services are provided to all residents and benefit the community as a whole.

Enterprise districts rely less on property tax revenue as compared with non-enterprise districts. However, property tax revenue is often an important source of funding for enterprise districts. Likewise, non-enterprise districts may derive some revenue from fees. For example, a recreation and park district may charge a fee for joining a district-run soccer league.



Property Related Fees and Charges

Some services can be financed through direct fees charged as an incident of property ownership (e.g., utility services like water, sewer, and garbage), adopted by the district following a public hearing. State laws prescribe specific procedures regarding notification of the owners of property affected by the proposed fee, their right to protest the fee, and other requirements that must be strictly followed before charging the fee. If a majority of the property owners liable to pay the fee submit a written protest in opposition at the hearing, the fee cannot be implemented. Some types of property-related fees must additionally be submitted to the district's voters for approval.

Special Taxes

Special taxes can fund the cost of providing most types of governmental services, including police and fire protection, whether the service confers a special or general benefit to the property. Special taxes require the approval of at least two-thirds of the registered voters within the district.

Assessments

Assessments are charges levied on properties in a district and can only be used to fund services or facilities that directly benefit those properties. Assessment amounts are based on the cost of the projects or services to be funded, and the proportional amount of the total benefit received by the property. Before levying an assessment, the district must complete an engineering study to determine the proportional amount to be paid by each individual property. The landowners affected by the assessment will receive a ballot, which is weighted by the proportional share of the assessment each parcel would have to pay. The district may levy the assessment only if weighted ballots returned in favor of the assessment exceed the weighted ballots received in opposition.

During a typical district formation process, the LAFCo will require approval of some form of appropriate funding mechanism to cover the anticipated cost of operating the district as a condition of LAFCo approval of the formation of the new district.

WHAT ARE THE ALTERNATIVES?

Generally, creating a new special district from scratch is an expensive and time-consuming process. Once formed, the administrative overhead associated with district operations can be burdensome, particularly for districts with a small customer base. A small district must meet the same legal requirements and conduct its business in substantially the same manner as a very large district. For example, all districts must comply with the open meetings laws (Brown Act), sunshine laws (Public Records Act), and elections laws, as well as purchase insurance, conduct financial audits, and follow generally accepted accounting principles. In some cases, it may make sense to consider alternatives to the formation of a new special district:

- *Annexation to an existing nearby service provider.* A process exists whereby an existing service provider can annex territory it does not currently serve in order to provide those residents with new or enhanced services. For instance, a neighborhood faced with failing wells might be best served by annexation and connection to a nearby water district, provided the district has, or can reasonably acquire, sufficient source water capacity.
- *Activation of a district's latent powers.* Many special districts are permitted within their enabling act to provide a variety of services that have yet to be authorized by LAFCo and performed on behalf of the community. A district may "activate" its authority to provide additional services by applying to the local LAFCo. If the services your community needs are included within the enabling act of a district that currently serves your area, it may be possible for LAFCo to activate the district's latent power to provide the additional service.
- *Out of agency service contracts.* In some cases where annexation to an existing district or city may be infeasible, it may be possible to extend the agency's services to the area under a separate contractual arrangement. Ask your local LAFCo if this is the appropriate solution, as this is done only in special circumstances and conditions.
- *Dependent districts.* As discussed above, counties often deliver enhanced services to communities in the unincorporated area through CSAs or dependent special districts. A CSA can often provide a community needed services with a minimized administrative burden. For road maintenance services, counties often rely upon permanent road divisions for funding.

III. Preparing to Form a Special District

UNDERSTANDING THE COST OF THE FORMATION PROCESS

There are a host of fees related to the formation of a district. These fees, which are discussed in detail in chapter four, include LAFCo application fees, Board of Equalization (BOE) fees, and county assessor recording fees. In addition to the fees, and far more expensive, are the costs associated with the feasibility study, mapping, and compliance with the California Environmental Quality Act (CEQA). The total expenses for completing the formation process will range from tens of thousands to hundreds of thousands of dollars.

ASSESSING GRASSROOTS SUPPORT, INCLUDING POTENTIAL FUNDING SOURCES

Ultimately, successful special district formation requires significant local support. Therefore, if it is determined that the formation of a special district is the best path forward, it is prudent to gather and organize a support network before proceeding with the formation process. Grassroots activism is one of the most effective forms of political involvement. This is particularly important in light of the fact that an election will ultimately determine whether a special district will be formed, and every vote will count. As you evaluate support for the formation of the new district, first focus on those who could benefit most from the new or enhanced services the district would provide. This is where the tireless work of getting the word out begins. This process could include face-to-face meetings, open house meetings, and town hall meetings.

Other options include identifying the local meeting places in your community and setting up an information booth, passing out flyers, and engaging one-on-one with your identified constituents. You may also work with homeowners associations, service clubs, and other community organizations. It is through such efforts early in the process that you will be better able to determine your obstacles and incorporate community feedback on service levels and funding mechanisms.

Community outreach and communication will also enable you to identify individuals, organizations, and businesses that can bring resources to the table. Those who embrace the vision will understand the need to support the process as they are able. The “ask” can be as simple as spending time making phone calls, passing out information, or inviting some friends over for coffee to hear about the plan.

ASSESSING AND UNDERSTANDING OTHER PERSPECTIVES

Potential opponents are just as important as the supporters. Early identification and collaboration can avoid major challenges later in the process. Meet with potential opponents to share your vision, listen to any potential concerns they may have, and gain an understanding for the principles behind those concerns. As you move forward, you may be able to discover shared principles with opponents that will allow you to mitigate or overcome their concerns. It may also help you formulate an even stronger plan as you work to mitigate and overcome those concerns.

It is often challenging for proponents to understand the arguments of the opposition. However, when proponents are able to recognize and value the perspective of the opposition, it usually leads to a more productive and successful process. It is important to know that opposition will exist; gain insight into the objections and develop responses, and even solutions, to them.

It is helpful to reflect upon the proposed boundaries of the district and services that will be provided to fully evaluate the potential opposition. Is a neighboring district or city likely to object? What would be their reasons and how could they be addressed? Are there organizations or entities located within the proposed boundaries that would likely have objections?

Will the new district be taking service provision responsibility away from an existing service provider? Such existing providers may be interested in shedding service responsibility, but they will more likely have concerns due to a loss of revenue.

GARNERING SUPPORT FROM STAKEHOLDERS

Remember that the purpose of a special district is to provide a service or suite of services that are not currently provided at a satisfactory level or not being provided at all. The formation of a new district is an important matter that demands the input of many stakeholders. Meeting with stakeholders as early in the process as possible will be critical. Doing so will allow you to acquire valuable advice that could prove central to the outcome of your efforts.

The success of the formation process for a new district may have a strong correlation with the effort expended to collaborate with key stakeholders. Gaining support from members of the county board of supervisors is often foundational to the process, particularly in unincorporated areas, as they may be required to take formal action to allow the public vote for formation of the new district to occur. Members of the board of supervisors also sit on the LAFCo, which is the entity that will determine the viability of the envisioned special district. It will be the job of the proponents of the new district to make a compelling case and build a coalition that is well informed.

Prepared with the results of a feasibility analysis that shows the new district will have the financial wherewithal to succeed, it is critically important that accurate and reliable information be disseminated broadly to neutralize misinformation.

WHO WILL FILE THE APPLICATION AND HOW WILL IT BE FUNDED?

At the time the application is ready to be drafted, many decisions will have already been made, including what services the newly envisioned district will provide. Nonetheless, the first formal step in the special district formation process is the LAFCo application. While an existing local agency, or the LAFCo itself, is legally permitted to file the formation application, the proponents of the formation of the new district are the most likely candidates to complete and file the application.

Although every formation scenario will have unique local factors that will need to be considered, generally the application itself is rather simple and straightforward. Working closely with LAFCo staff, the formation group should be able to perform this requirement without professional support. However, care and caution is warranted as the verbiage used on the application will eventually be carried over to the ballot and the campaign. Therefore, proponents should be thoughtful in their drafting.

Each LAFCo is funded primarily through a pro-rata contribution by county, city, and, in most counties, special districts. The annual funding received from these member entities covers the LAFCo's operating expenses. Additional fees are collected from project proponents to cover the cost of processing the application. This can be a significant cost and should be evaluated early on in the process.

In addition to the resources identified among formation proponents, in some instances the local county supervisor can assist with locating additional funding opportunities. Lastly, in some LAFCos a process exists to request a reduction in fees. While this may not apply to the formation of a new district, it is worth exploring with your local LAFCo.

DRAFTING THE FEASIBILITY ANALYSIS

The LAFCo process requires an analysis of the cost of initiating and maintaining the services to be provided by a newly formed special district. This analysis, known as a feasibility analysis or feasibility study, includes an estimate of the operations and administrative costs as well as the identification of proposed funding mechanisms for meeting those costs.

Typically the feasibility analysis would need to review the nature, location, and extent of any functions or classes of services to be provided. That could include a review of available and needed facilities and the capacity of existing facilities. The analysis also needs to review revenue sources and expected costs to provide services. The data needed for the analysis is similar to data found in a municipal service review or sphere of influence study.

Generally an outside consultant must be hired by the applicant to prepare the feasibility analysis. On rare occasions, county planning or LAFCo staff will accept responsibility for the study. Experienced consultants have often completed municipal service reviews, advised cities on general plans, or have completed CEQA analyses for various projects. If the district is being formed to provide services to a new development, often the developer will hire a consultant to perform the analysis.

Applicants seeking to hire a consultant may wish to request a list of experienced professionals from CSDA, CALAFCO, and/or the local LAFCo.

MAPPING THE PROPOSED DISTRICT

The LAFCo application requires a professionally-drawn map and a corresponding metes and bounds legal description of the proposed district's boundary. The map should include all areas that would receive services provided by the new district. Generally, boundaries should follow existing geopolitical boundaries, such as parcel lines and natural or man-made features such as streams, lakes, natural terrain, railroads, roads, and freeways. The boundary should avoid creating islands, corridors, or a strip of territory inside or immediately adjacent to the proposed district that would not receive services. That makes it easier for the assessor or the Board of Equalization (BOE) to determine who should receive property taxes or assessments of the new district. It is also important to avoid overlapping territory with an existing district that provides the same or similar services.

The BOE and most LAFCos have mapping standards. BOE standards require maps to be professionally and accurately drawn or copied. There should be a vicinity map showing the relationship of the proposed district to the larger geographic area. Each map should include streets, roads and highways, township, range and section, a scale, and north arrow. The BOE charges a processing fee based on acreage. In addition, the LAFCo may request a list of assessor's parcel numbers related to the project area.

There is also a requirement for a legal description of the proposed district's territory. The legal description must be a stand-alone document and cannot reference a secondary document. The legal description must state the township, range, and section number. It is also advised to include the number of acres or square miles of the proposed district. The legal description begins with a reference to a known major geographic position. The description must be expressed as a specific parcel description in a section or by bearings and distances. In addition, the description must match the map with respect to the name of the short title, the point of beginning, course numbers, bearings, distances, and acreage.

Details related to the BOE mapping requirements can be found at www.boe.ca.gov or by contacting the BOE and asking for the "Change of Jurisdictional Boundary: Requirements for Statements, Geographic Descriptions, Maps and Fees" related to Sections 54900 through 54903 of the Government Code.

Many LAFCos have additional mapping requirements. That is one of the reasons why the next step in the process, consulting with the LAFCo executive officer, is important.

MEET AGAIN WITH YOUR LAFCO EXECUTIVE OFFICER

Before officially filing an application it is good to schedule a meeting with the LAFCo executive officer (EO). The EO can informally review the application to identify missing information and the local mapping requirements that will be needed to complete the application process. In addition, the EO can go over the timeline for processing the application, the public hearing, an election, if needed, and the projected first day of operation of the new district.

WHAT IF THERE IS AN ELECTION?

It is a distinct possibility that an election will be required to form the special district if any of the following are true:

1. An election is required by the principal act;
2. LAFCo holds a protest hearing and receives at least a 25 percent protest;
3. LAFCo conditions the formation on approval of an assessment or special tax as a funding source; or
4. An election for the board of directors is needed.

It is important to review the relevant laws and meet with the LAFCo executive officer regarding election requirements.

An election to approve the formation of a new special district is overseen by the County Registrar of Voters (ROV) office. Their trained staff can assist in placing the matter on the ballot for a formal vote of the affected constituents. In the same election, there would also be a vote for the first governing board of directors, as well as for approval of any special taxes necessary to fund the new district. During the evaluation of the proposed entity, LAFCo staff will determine, based on the principal act, how many members will comprise the board of directors. Typically that number is five.

The election process is well defined in the Elections Code, and all prospective candidates must comply with these requirements. The ROV will determine the eligibility of each candidate who completes the filing requirements. The election material will state that the board of directors will only be seated if the vote for the formation of the new district receives the required threshold of affirmative votes. Candidates will be responsible for any costs related to the publishing of a campaign statement in the election book sent out by the ROV. Other than the cost of the voluntary candidate statements, there are no other fees required to run for public office. However, running the campaign for the board of directors and the formation vote for the new district will often require capital outlay for signs, informational materials, paid advertising, inclusion in slate mailers, and other campaign costs.

There is an election cost for the formation of the district that will be determined by the ROV and finalized in the weeks after the election. In the event the formation vote is successful, the new district will pay the costs of the election. If the vote is not successful, the campaign will be looked to for cost recovery. Absent reimbursement, the county absorbs the costs of the election.

IV. Navigating the Formation Process

Now that we've laid the groundwork for the formation of the new district, let us review the steps that LAFCo takes to process the application. LAFCo law outlines a specific process that LAFCo must follow. Exhibit IV-1, on page 12, is a flow chart of the process, which includes the application requirements, LAFCo fees, and CEQA review. If the application is approved by the LAFCo commission, a protest hearing and possible election are also part of the formation process.

APPLICATION PROCEDURES

Requirements vary according to the principal act under which the formation would occur. Formation may be initiated by 1) a petition of registered voters or landowners, or 2) by a resolution of an existing special district board, school district board, city council, or county board of supervisors. The principal act may limit initiation to one of the above, or allow a choice among several or all of the above.

LAFCo may also initiate the formation of a new district or districts only if the formation is consistent with a recommendation or conclusion of a study. The study may be a special study, sphere of influence study, or a municipal service review.

Besides the petition or resolution, an application for formation needs a "plan for providing services" that includes the following information:

1. The statutory section under which the formation would occur;
2. An enumeration of the services to be provided, along with a description and justification for each of the services;
3. The level and range of those services;
4. An indication of when those services would be provided;
5. A discussion of any improvements or upgrades to structures, sewer or water facilities, or other conditions the new district would impose or require within its boundaries upon formation;
6. Information about how improvements would be financed and an operating budget for the proposed district; and
7. A discussion of alternative boundaries and rationale for the boundaries proposed.

FEES AND COSTS

Table IV-1: Estimated Expenses Associated with the Formation of a Special District

SOURCE	LOWER END	HIGHER END
LAFCo Application	\$5,000	\$10,000
Feasibility Study	\$20,000	\$40,000
Map and Legal Description	\$1,000	\$10,000
Board of Equalization	\$300	\$3,500
CEQA	\$0	\$150,000
County Assessor per parcel ¹	\$110	\$110 X No. Of Parcels

¹ Solano County Assessor's charges

As estimated in Table IV-1, special district formation proposals typically entail costs associated with the LAFCo application, feasibility study, mapping, Board of Equalization fees, CEQA, and a County Assessor Fee.

LAFCo Application: LAFCos are authorized to adopt policies that include a fee schedule for processing applications for a new district. Application fees must be limited to the reasonable cost of processing the applications. Thus, the actual fees vary among each respective LAFCo. The fee is usually levied in the form of a deposit. Staff time and materials to process the application are charged against the deposit. If charges are less than the deposit the difference is refunded upon action by the LAFCo. Alternatively, if charges exceed the deposit, the applicant must remit the difference as a condition of approval. Some LAFCos do not require a deposit and instead charge a flat application fee. Check with your local LAFCo about its specific fee schedule.

Feasibility Study: Costs of the feasibility study usually rest on the applicant. A developer may fund the study and recover costs when the project is developed. These studies are typically conducted by a professional firm and can run between \$20,000 and \$40,000.

Mapping: Proponents are responsible for providing a map and written geographical description of the territory to be included in the proposed new district. Maps must satisfy County Recorder and State BOE specifications and include a metes and bounds legal description. The map and description must be professionally prepared, and, depending upon the geographic area, could cost upwards of \$10,000. The BOE charges a processing fee, based on the acreage of the district territory. Once the LAFCo process is complete, there is a relatively small recording fee charged by the county assessor.

Board of Equalization Fee: If the new district formation is successful, LAFCo must record the formation with the county and file it with the state. The BOE fees are based on the acreage included in the new district, and range from a low of \$350 (less than six acres) to \$3,500 (two thousand acres and above).

CEQA: Depending on the circumstance, there will likely be costs related to CEQA. Meeting CEQA requirements can be expensive. Costs steadily increase from an initial study negative declaration, to a mitigated negative declaration, to a full environmental impact report (EIR). The cost of an EIR can exceed \$100,000.

County Assessor Fee: Once the LAFCo process is complete, there is typically a relatively small recording fee charged by the County Assessor.

CEQA REVIEW

LAFCo actions are subject to CEQA. Consequently, a CEQA analysis is needed to form a new district. Unless the formation is initiated by another government entity, LAFCo is the lead agency for conducting the analysis. Generally the responsibility for all CEQA related costs will rest with the applicant. The LAFCo fee schedule may include a deposit or the applicant may be requested to pay this cost upfront.

A CEQA analysis will begin with an initial study. The analysis identifies whether there are any potential impacts in any of seventeen specific areas. Those areas include public services, agricultural lands, land use, and population and housing. The initial study could conclude a negative declaration is appropriate because there is no evidence the project will have a significant impact on the environment. It could also point toward the need for mitigation that will lead to a negative declaration. Alternatively, the initial study could indicate the need for a full environmental impact report (EIR).

In very limited situations, a formation proposal might qualify for exemption from CEQA. Such exemptions are rare and come in two classes, statutory or categorical. For example, Section 15320 of the CEQA Guidelines delineates the categorical exemption for LAFCo changes of organization. This particular exemption may be applicable to actions that simply change the form of government. LAFCo staff will make the determination regarding all such exemptions by consulting the CEQA Guidelines.

LAFCO ANALYSIS AND PUBLIC HEARING

Upon receiving an application, LAFCo staff begins analysis of the proposal. The proposal is circulated for comment to all affected public agencies in the area, including the county, any nearby special districts, and cities. The executive officer of the LAFCo has 30 days to determine if the application is complete or to request additional information.

Once the application is determined to be complete, the EO issues a Certificate of Filing and has 90 days to set a hearing before the LAFCo Commission. At the hearing, the commission will review the LAFCo staff analysis and receive oral and/or written testimony.

When the formation of a new governmental entity is proposed, LAFCo must make a determination as to whether existing agencies can feasibly provide the needed service(s) in a more efficient and accountable manner. LAFCo must also consider a reorganization with other single-purpose agencies that provide related service(s). The commission must then adopt a resolution approving or disapproving the application.

If the commission wholly disapproves an application, no new proposal involving the same or substantially the same territory can be initiated for one year after the date of the commission's resolution, unless this prohibition is waived by the commission.

If the formation is approved, the commission determines the final boundaries, an appropriations limit if necessary, and any terms and conditions of approval. If the district would be assuming the service responsibilities of another agency or agencies, the commission will also determine the amount of property taxes to be exchanged.

Once the formation is approved or disapproved, there is a 30 day reconsideration period whereby new information can be presented that was not available at the time of the hearing. The commission may decide if an additional hearing is warranted based on the new information.

PROTEST PROCEEDINGS AND ELECTION

After the public hearing process is completed, the next step is the protest hearing. Either LAFCo staff or the commissioners will conduct the protest hearing. The protest proceeding is a referendum on the LAFCo action, so the LAFCo has no discretion when it comes to the protest hearing. Protests may be received verbally or in writing at the hearing.

If there is greater than a 50 percent protest, the LAFCo action is overturned. Based on the type of district and whether the territory is inhabited or uninhabited, a majority protest means 50 percent or more of the registered voters, or in uninhabited territory or landowner-voter districts, 50 percent or more of landowners who have 50 percent of the voting power (50 percent of the assessed property value).

If the formation of the district makes it through the protest hearing, the commission orders the county to conduct an election. The election is generally open to registered voters who reside within the proposed district boundaries. However, some types of districts are *landowner districts*, and the election would involve the property owners within the proposed district. If an election is held and a majority of the votes are cast for formation of the district, the LAFCo commission shall then pass a resolution confirming the order of formation. The election may also decide the membership of the district’s governing body, whether funded by tax or assessment, and any other issues provided for in the principal act under which the district is formed.

Under certain circumstances the formation can proceed without an election. This would occur if there is less than a 25 percent protest and LAFCo orders the formation without an election, or if the formation is part of a reorganization or consolidation where two or more districts are proceeding under the adoption of substantially similar initiating resolutions.

Should the formation effort proceed to an election, proponents and opponents should be aware of the legal requirements for campaign contributions. Under the Political Reform Act, individuals and organizations face campaign reporting obligations once they qualify as a “committee.” Check with your local ROV website or the FPCC website for more specific information on campaign disclosure.

Exhibit IV-1 Flow Chart of the Formation Process



V. Ensuring Success After Formation



WHAT HAPPENS AFTER A NEW DISTRICT IS FORMED?

Should you succeed in the formation of a new independent special district, the real work will then begin. Even the most basic elements of starting a new business will need to be completed in order to get the new special district up and running. This includes acquiring office space and establishing utilities in order to perform the functions of the district.

There will most likely be a lag in funding, so the district may need to finance some of the initial outlay to set up the new entity with an agreed upon repayment. This consideration can become very expensive when discussing computer and software systems, staff, regulatory compliance, copy machines and other necessary office equipment, vehicles and large equipment, and supplies for field staff. It is helpful when this is fleshed out during the formation process as part of the feasibility study.

If the new district is formed from an existing district, either from a dependent district or from the consolidation of existing districts, then a transition of services will occur. Much of the detail related to this transition will be negotiated during the LAFCo formation process and should, in part or entirely, be included in the LAFCo report. As a change in organization, LAFCo would need to review many of the details which include transition of equipment, funds, and other assets.

If the district is a new formation, rather than a detachment from another organization, there will be a start-up period during which the new district could begin to conduct business.

MEET WITH CSDA AND IDENTIFY YOUR RESOURCES

A newly formed special district does not automatically come equipped with a full staff, policies and procedures in place, a stocked bank account with cash rolling in, and perfectly planned and conducted board meetings. Luckily, there are individuals who have worked for special districts for many years and have in place all of the tools and resources you need to start your district on the right foot. These resources are available to your new district through membership and involvement with CSDA.

A nonprofit organization, CSDA provides services and resources for special districts throughout the state. CSDA employs personnel and has a consultant network that is experienced in all aspects of special district governance, management, and operations. In addition to the ability to network with peers in the special district field, CSDA and its partners offer numerous benefits, including professional development trainings for board members and staff.

Appointments can be made with CSDA public affairs field coordinators who can travel to your district office. You can find out about CSDA online at www.csdanet.net, or call and speak with a member services representative at 877-924-2732.

LEGALLY REQUIRED STEPS

Following the Brown Act: From the minute a board member is elected, that individual is subject to the requirements of the Ralph M. Brown Act, the open meetings law applicable to all local government entities and their officials. As part of a special district, you will find the Brown Act touching and guiding your everyday activities, from communicating with special district staff, to preparing meeting agendas, to determining the information to be distributed to the public at the board meeting.

The Brown Act prohibits a majority of the board from meeting and discussing district business outside of a properly noticed meeting. While it might sound simple, it is actually very complicated and formal training is strongly encouraged. Mandatory ethics training for board members will include a Brown Act primer. Board candidates and management staff should begin learning the Brown Act before the district is formed or elections are completed. At a minimum, all new board members, the board secretary, and managers should attend Brown Act training at the earliest possible time following district formation. Contact your local county offices or CSDA to find the next and closest Brown Act training available to you.

Form 700s:

As soon as the new district board of directors is elected or appointed, each member is required to complete a Form 700. The Form 700 is a conflict of interest disclosure statement that contains documentation related to all financial interests in business and property held by district board members. The Form 700 contains detailed completion instructions and more information is available online at www.fppc.ca.gov. New Form 700s must be completed upon election or appointment, annually by the end of April, and within 30 days of leaving office.

AB 1234 ethics training

There are many important laws and regulations governing the operation and management of special districts. Special districts are a form of local government, and the state's

Fair Political Practices Act, conflict of interest, and related laws apply to board members as soon as they are elected or appointed to a special district board. At its core, the ethics laws prohibit board members from using their positions on the board to benefit themselves financially.

To learn ethics-related laws and requirements, board members are required to attend a two-hour ethics training class within 30 days of election or appointment to the board, and every two years thereafter. Each special district is required to keep a copy of board member ethics certifications on file at the district office, and to provide a copy to any member of the public who requests one. There are many opportunities to take ethics training, which is usually offered through your county or also conveniently offered on DVD, webinar, or in person as a benefit of membership of CSDA.

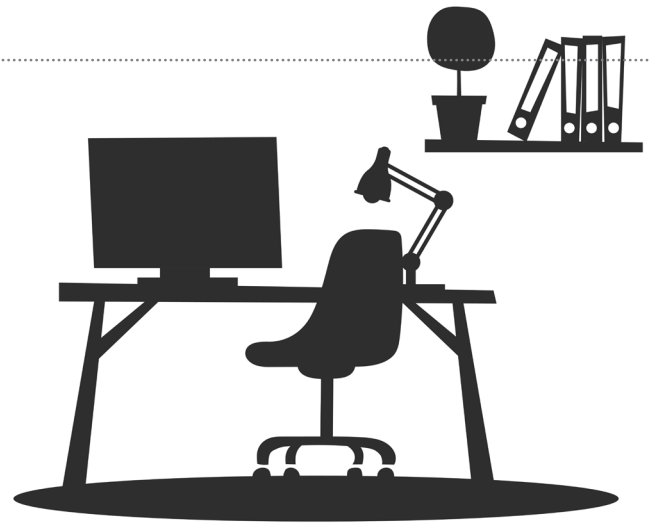
Budgeting

An initial action by the new board should be to adopt a budget authorizing all necessary expenditures. The feasibility plan completed during the LAFCo process will provide a good starting place for the new district's budget. This document was based upon the best available data and prepared in a professional manner. It would be advisable that the district initially contract for financial services and do so as soon as possible to ensure that appropriate systems with necessary checks and balances are put in place.

Remember that the first year audit will be critical to financing early needs, and the goal is always to strive for a clean audit. There are also numerous legal reporting requirements with which the new agency must comply. Professional assistance during this transition timeframe will help ensure the district is in compliance with Generally Accepted Accounting Principles (GAAP) for a public agency.

Related to budgeting, the district must consider a financial software solution that will appropriately track its revenue and expenditures. There are standard packages available at a range of costs. If the district issues monthly bills for services then a more robust system should be considered rather than a simplistic software system that can be purchased off the shelf. The investment in an adequate financial solution should service the district's needs for many years.

If any accounting functions are done in-house, it is important the staff receives appropriate training and education in this area. Public agency accounting is a critical area and often the focus of public scrutiny.



BEST PRACTICES

Start by learning from others

Seek out a similar special district anywhere in the state that was recently created. Because the formation of a new independent special district is an infrequent event, you may have to reach throughout the state to find another similar recently-created district. CSDA or your local LAFCo could assist you with this. The LAFCos communicate on a regular basis and your local executive officer can send a query on your behalf. There is generally a great deal of openness and sharing among special districts.

Establishing a transition timeline

The transition will be different depending upon whether the new district is being formed from an existing district or if it is formed to provide a new service or suite of services. The establishment of the new district should be executed as quickly and efficiently as possible. The voters (in most cases) went to the polls to support the formation; now it is incumbent upon the district to transition quickly to begin the provision of services. This transition can be assisted in part by utilizing contract support. In the case of water or wastewater services there are numerous contractors who are state certified to provide such services until in-house staff can be hired. For other services, such as recreation and parks, that are not pervasively regulated, nor critical to public health and safety, a more modest transition timeframe would be acceptable.

The LAFCo report should, at least in part, include a potential timeline for the new district to assume services. This timeline would likely be heavily predicated upon funding. If the district is dependent upon property tax revenue, there will be minimal funding until the local tax collector receives the taxes, typically December and May of each year. If the new district is assuming responsibilities previously provided by another special district, then the feasibility report and the LAFCo report would outline the finances that will transition to the new district. This should include an appropriate share of reserve funds, equipment, and infrastructure assets.

During the transitional phase, the board needs to hold regular meetings to conduct the business of the district. Consistency and transparency of the public meetings is an important first step in establishing the credibility of the new district. There will be those who are very watchful of what the new district will do with public funds. There will also be constituents who are hungry for local representation and will attend the meetings to show support and interest in the new district.

Obtaining legal representation

CSDA recommends that the district interview and select an attorney that specializes in municipal law. Legal counsel will be able to help provide the board with guidance in areas such as the open meeting requirements, and will eventually serve as a vital resource for district staff. This will be a sizable and ongoing item in the budget, but is a necessary cost of doing public agency business.

CSDA also advises districts have legal counsel available for all public meetings. If the agency has minimal business, one meeting per month may suffice. This will also help to keep the legal costs related to meeting attendance low. Typically, billing for counsel will be a “door to door charge,” meaning counsel bills from the time they leave their office to the time they return after the meeting. Keep this in mind when selecting your counsel and be sure to inquire about hourly rates and how billing is structured (i.e., door-to-door charges, minimum call charges, etc.). You may also wish to consider a contract that includes a retainer or flat fee for legal services.

Insurance

One of the most fundamental and vital protections a district needs to have in place is insurance. After the district is formed and the agency begins to collect revenue, the board will want to be confident the agency’s assets are protected. In the event of a claim, without proper coverage the agency could face financial ruin or be forced to secure a loan to replace property and equipment that was not covered by insurance. In some cases, insurance is required by law, for example workers’ compensation insurance.

Insurance can be purchased from commercial carriers. It can also be obtained through other government agencies known as joint powers authorities (JPAs) or a “pool.” A JPA consists of many public agencies, known as members, who together enable the JPA to use its purchasing power to provide insurance at lower rates than can otherwise be purchased in the marketplace. Since JPAs operate on a not-for-profit basis, they typically function more cost-effectively than for-profit companies with private or shareholder ownership.

In connection with insurance-type services, JPAs can provide members with additional benefits, such as safety inspections and training programs that may not otherwise be feasible for individual members, particularly small public entities and those with limited resources. These additional benefits accrue beyond the individual members receiving them, reducing costs for the pool as a whole. For example, enforcing risk management standards, evaluating potential loss exposures, and continuously monitoring risk management programs are essential to reducing losses for the pool. A JPA may also provide risk management services that can save the members money by reducing the need for staff to provide those same services.

Hiring staff

Hiring a highly qualified, certified (as needed) general manager (sometimes referred to as chief executive officer, executive director, administrator, or other titles depending on the district type) will be critical to moving the new organization toward service provision. The general manager or GM should be the only employee the board hires and fires. It is the GM’s role to hire and manage the rest of the staff. A district board may choose to contract out for the role of the GM, rather than hiring one as a full-time employee of the district. The board may wish to contract with a human resources consulting firm to assist in the search and hiring of the GM.

There are numerous considerations related to staff. How does a new district without a proven track record hire and retain qualified employees? Public agency employees are attuned to the standard benefits associated with public service. Such benefits generally include leave accrual, retirement benefits, and competitive pay. One of the first acts of the GM should be to assist the board in determining the level of benefits the district will offer staff.

If participation in the standard CalPERS retirement system is envisioned, the contract can take up to a year to go into effect. However upon initiation of the contract and related board actions, the general manager may begin recruitment with the assurance that the retirement benefits will be retroactive to the date of the board action.

CSDA recommends adopting a personnel manual as soon as practical. The best manuals typically outline leave accrual, employee responsibilities and expectations, and other related benefits. There is an openness among public agencies to share information, so it is worthwhile to request the personnel manual of similar agencies as a template, which can be edited to meet the specifics of the new district.

In addition, CSDA recommends the district consider its requirements for background checks, hiring practices, and pre-employment physical and drug testing. District legal counsel may be helpful in this area.

It is worthwhile not to rush into hiring staff without having these items in place as it may cause greater issues in the future. It is important that the foundation of the district be well laid in order to ensure the agency has the greatest potential for success.

Professional development for the board and staff

There are many resources available for board and staff development. Organizations, such as CSDA and CALAFCO, provide a wealth of support for their membership. CSDA also publishes numerous guidance documents that serve as a tremendous resource for special districts.

Special districts should look to the Special District Leadership Foundation (SDLF) for direction on certificates, certifications, core trainings, and even scholarships to ensure their agency is obtaining the highest level of training available and demonstrating good governance practices to the public. Learn more at www.sdlf.org.

Strategic planning, service planning, and setting direction

There was a reason why the new district was envisioned in the first place. Perhaps there was an unmet need. Perhaps there was substandard service provision by the previous service provider. As the successor entity to a former district or a new service provider, there will be an expectation from your public that things will be better than before.

Setting the direction for the new district is going to be a critical first step. How are you going to address service provision? How are you going to make it better and more cost effective than before? One of the most effective strategic planning processes is to have a third party facilitator guide the district through the process. The cost varies depending on the size of the district and scope of services it provides; in some circumstances you may be able to find an individual willing to provide the service pro-bono.

Service planning is a more critical and immediate need if the service relates to public health and safety provision – such as water, sewer, fire, and police service. Much of the initial service provision would have been discussed in the transition plan created during the LAFCo process. The seamless transition of these critical services cannot be understated. This must be well defined and agreed upon by the prior service provider as appropriate. As mentioned in a previous section, appropriately certified private operators can provide assistance with the transition of water and sewer utility services. For public safety, there may be a requirement to hire some of the existing staff from the prior service provider.

It will be incumbent upon the board and the management of the new district to exhibit thoughtful, knowledgeable leadership as the new district steps into full operation. The potential for public scrutiny is high.

VI. Conclusion

As you can tell by reading this guide, forming a new special district is not an easy endeavor. You must ask yourself if this is really the right solution, or are there other options available to accomplish the desired goal.

A great deal of work and resources are required to form a special district and entering into this process should not be done lightly. The long-term success and sustainability of the district requires careful, detailed planning and purposeful execution. Each community deserves the best possible quality of service, delivered in the most efficient manner at the most affordable cost. Once the district is formed, it is up to its board, its staff, and the public to ensure its success.

If you are looking at new or improved local services for your community through the formation of a special district, you are encouraged to consider all of the options. After you have reviewed this guide, reach out to your local CSDA and LAFCo representatives for assistance. They are knowledgeable experts who can answer your questions and connect you with the proper resources as you consider all of the options.



A great deal of work and resources are required to form a special district and entering into this process should not be done lightly. The long-term success and sustainability of the district requires careful, detailed planning and purposeful execution.

VII. Appendices

GLOSSARY

1 percent Ad Valorem Property Tax

California Constitution Article XIII A and XIII A

The term “ad valorem” is derived from Latin meaning “to the value” or “based on value.” Ad valorem property taxes are taxes based upon the value of property. Proposition 13 limited the amount of tax that can be levied to 1 percent of the property’s value. Proposition 13 also gave the State the authority to distribute this revenue, which it has done through formulas contained in Assembly Bill 8 (1979) and subsequent legislation. The value of property is assessed upon a change in ownership and adjusted upward each year by a rate not to exceed 2 percent to account for inflation. Ad valorem property taxes are a fundamental source of funding for most local governments and the primary source of revenue for many special districts.

Appropriations Limit (Gann Limit)

California Constitution Article XIII B

Government Code §7900, et seq.

The Appropriations Limit (often referred to as the “Gann Limit”) provides a limit (or ceiling) on local government agency appropriations of tax proceeds. This limit is based on the amount of appropriations in the 1978-79 “base year” and is adjusted each year for population growth and cost-of-living factors. The limit applies to proceeds from taxes, investment earnings on taxes, and fees and charges. If the agency’s proceeds are in excess of the limit, excess amounts are to be turned over to the state to be used for school funding. Special districts are specifically included in the definition of “local government[s]” subject to the appropriations limit. However, there is an exception for “any special district which existed on January 1, 1978, and which did not as of the 1977-78 fiscal year levy an ad valorem tax on property in excess of 12 1/2 cents per \$100 of assessed value.” There is also an exception for districts that are funded entirely from proceeds other than taxes.

Assessments

California Constitution Article XIII D

A special district may finance the maintenance and operation of public systems that include, but are not limited to, drainage, flood control, and street lighting. Assessments are involuntary charges on property owners, who pay for these public works based on the benefit their properties receive from the improvements through increased property values. Assessments include special, benefit, and maintenance assessments, and special assessment taxes. Assessments are subject to a weighted election.

Benefit Assessments

A benefit assessment is a charge upon property owners used to finance infrastructure or public services that directly benefit individual properties. The assessment is based upon the proportional benefit received by each individual parcel from the public services or improvements. A district that uses this mechanism must first prepare a written report, hold a noticed public hearing, and obtain a majority vote through an assessment balloting procedure of the affected property owners.

California Environmental Quality Act

Public Resources Code §21000, et seq.

Code of Regulations §15000, et seq.

CEQA is designed to require public agencies to consider environmental protection whenever making a decision regarding proposed projects and activities, and to allow for public participation in that process. If a project is not exempt from CEQA and is determined to have the potential to have a significant environmental impact, the lead agency is required to conduct an initial study of the project. The lead agency will then determine whether to conduct an environmental impact report or a negative declaration. While the scope and process of those documents is somewhat different, both require a period for public comment. CEQA Guidelines are produced by the California Resources Agency and codified in the California Code of Regulations Title 14 §15000, which provides procedures and factors lead agencies should consider when conducting CEQA reviews.

California Public Records Act

Government Code §6250, et seq.

The purpose of the California Public Records Act (CPRA) is to enable the public to have access to information needed to monitor the functioning of government. The public has a right to inspect public records during the office hours of any government agency and to request and obtain copies of records subject to the payment of fees covering the direct costs of duplication or a statutory fee if applicable. The CPRA contains a number of exemptions for certain classes of documents. These exemptions generally cover documents that are privileged or confidential, or which would infringe on the individual right to privacy. Examples of some common exemptions include documents protected by attorney client privilege, attorney work products, preliminary draft documents not retained by the agency in the ordinary course of business, and personnel records for which the disclosure would constitute an unwarranted invasion of privacy.

Cortese-Knox-Hertzberg Local Government Reorganization Act of 2000

Government Code §56000, et seq.

Government Code §56821, et seq. (procedure for special district change of organization or reorganization)

This law establishes certain procedures for local government changes of organization. This law also established local agency formation commissions (LAFCo) with numerous powers, including the ability to act on local agency boundary changes and the adoption of spheres of influence for local agencies. The statutory mission of LAFCos is to discourage urban sprawl and encourage the orderly formation and development of local agencies.

District Organization Law

Government Code §58000, et seq.

The District Organization Law establishes procedures for the organization, operation, and governance of certain types of special districts. This law applies only to districts with enabling acts that refer to the District Organization Law in lieu of procedures within their enabling act. The District Organization Law generally provides for a petition for formation of a district, a primary hearing, a final hearing, a procedure for formation, and validating proceedings.

Ethics Training

Government Code §53234, et seq.

Government Code §53232.1-5323.2 (authorization of compensation for training)

Local elected officials and key officials designated by the local board (typically management staff) are required to take ethics training courses if the officials receive compensation or reimbursement in their position with a local government agency. This applies even if the official does not actually receive compensation or reimbursement, but if the district's enabling act simply allows for such compensation or reimbursement. By law, the affected local official must take an ethics training course once every two years, and the district has to establish a written policy on reimbursements.

Fees

California Constitution Article XIII D

A fee is a charge to an individual or a business for a service provided directly to the individual or business. Non-property related fees are not subject to majority vote requirements. Property related fees may not be extended, imposed, or increased without first complying with the procedural requirements of Proposition 218. There are also substantive requirements that property related fees must comply with, the most important of which is the fee imposed must not exceed the proportional cost of the service attributable to the parcel or person charged.

Financial Audits

Government Code §26909

Special districts are required to have annual, independent audits conducted by the county auditor or a certified public accountant. This information is filed with the State Controller's Office. The annual audit can be changed to a biennial audit if approved unanimously by the district board and the board of supervisors, under certain restrictions.

Fire Suppression Assessments

Government Code §50078, et seq.

Combined with Proposition 218, the government code gives authority to a special district that provides fire suppression services to determine and levy an assessment for fire suppression services with two-thirds voter approval. The assessment may be made for the purpose of obtaining, furnishing, operating, and maintaining fire suppression equipment, or for the purpose of paying the salaries and benefits of firefighting personnel, or both.

Form 700 – Statement of Economic Interests

Local government officials are prohibited from participating in local agency decisions in which the official has a financial interest. Each local government official is required to annually complete and file a Statement of Economic Interests (commonly, "Form 700") with the Fair Political Practices Commission so that potential conflicts of interest can be more readily identified. The Form 700 is also a public record and must be made available to the public upon request.

General Obligation Bonds and Revenue Bonds

Government Code §53400, et seq.; Various Provisions

General obligation bonds are issued by special districts and other local and state governments to finance a variety of infrastructure projects and services. There are a variety of statutes that create authority for the issuance of bonds – some principal acts for district types contain bond provisions and various other statutes grant bond authority for different uses and with different conditions. General obligation bonds are backed by all of an agency's revenues whereas revenue bonds are backed by a specifically identified revenue source.

Investment of Funds

California Constitution Article XI §11

Government Code §53600, et seq.

The California Constitution provides that the Legislature may authorize local government agencies to invest funds in certain specified vehicles. The Legislature has provided that local government agency surplus funds may be invested, with certain conditions and limitations.

Local Agency Formation Commission

A Local Agency Formation Commissions (LAFCo) is an independent commission working within the boundaries of each county to help control the borders of cities and special districts to discourage sprawl and encourage orderly government. There is a list of 16 factors that LAFCOs consider when conducting any change of organization or boundary change. As part of this effort, LAFCOs conduct sphere of influence assessments and municipal service reviews. Any boundary change must be consistent with the sphere of influence, which must be considered in the municipal service review.

Mark-Roos Local Bond Pooling Act of 1985

Government Code §6584, et seq.

The Mark-Roos Bond Pooling Act allows local government agencies to enter into a joint powers agreement creating a Joint Powers Authority, which can issue Mark-Roos bonds and loan the proceeds to the local government agencies. The purpose of this act is to allow local government agencies to take advantage of the lower borrowing costs associated with bond pools.

Mello-Roos Community Facilities Act

Government Code §53311, et seq.

The Mello-Roos Community Facilities Act provides a method for special districts and other local government agencies to finance major capital improvements and some types of services. The act authorizes the creation of Community Facilities Districts which can levy special taxes subject to two-thirds voter approval or by land owner votes, weighted by acreage owned, if there are less than 12 registered voters within the district.

Municipal Service Reviews

Government Code §56430

LAFCOs are required to update local agency spheres of influence every five years. As a prerequisite for a sphere of influence update, the LAFCo must conduct a municipal service review (MSR). An MSR evaluates the services currently provided by local agencies and their potential future growth. Among other things, the MSR must address the jurisdiction's population growth and projections, the adequacy of services and infrastructure of the agency, the financial ability of the agency, the government accountability, and the status of and opportunities for shared facilities.

Principal Act

Principal acts are statutes established for an entire category of special districts. Local voters create and govern special districts under the authority of these acts. Each special district type (for example, flood control, public utilities, or community services districts) has its own principal act.

Political Reform Act of 1974

Government Code §81000, et seq.

The Political Reform Act (PRA) was passed by voters via Proposition 9 in 1974. It is designed to ensure elections are fair and that state and local government officials perform their duties impartially and serve all citizens equally. The PRA generally governs political campaign spending and contributions. A variety of ethics rules for state and local government officials are also contained in the PRA. For example, the PRA prohibits an official from the ability to participate in a decision or "use his or her official position to influence" a decision in which the official "knows or has reason to know that he or she has a financial interest." The PRA also created the Fair Political Practices Commission, which is charged with administering the PRA and investigating and prosecuting PRA violations. A knowing or willful violation of the PRA is a misdemeanor and certain violations could result in a fine up to \$10,000 or three times the amount "the person failed to report properly or unlawfully contributed, expended, gave, or received."

Proposition 218

California Constitution Articles XIII C and XIID

Proposition 218, officially named the "Right to Vote on Taxes Act," made several changes to the California Constitution affecting the ability of special districts and local governments to assess taxes, assessments, fees and charges. This proposition established the initiative power allowing voters to reduce or repeal any local tax, assessment, fee, or charge. A new category of fee was created called "property related fees and charges" and required that such fees be no more than the cost of providing the service. Proposition 218 also established a number of other procedural requirements for levying assessments and imposing new, or increasing existing, property related fees and charges.

Ralph M. Brown Act

Government Code §54950, et seq.

The Ralph M. Brown Act (Brown Act) is designed to ensure government actions and deliberations are conducted openly so that the people "may retain control over the instruments they have created." The Brown Act accomplishes this by requiring meetings of local government bodies be conducted during noticed public meetings. Violations of the Brown Act can lead to invalidation of local agency actions, payment of a challenger's attorney's fees and, in some cases, criminal prosecution. The primary requirement of the Brown Act is that meetings of a local government agency's legislative body be open to the public, allow for public comment and be publicly noticed 72 hours in advance of the meeting. The Brown Act contains procedures for conducting special meetings, emergency meetings, and closed sessions. The Brown Act also limits the ability for a quorum of a legislative body to discuss certain matters outside a noticed public meeting.

Reserves

Special districts designate money toward savings in order to balance their budget, respond to emergencies, keep rates affordable, maintain current infrastructure and plan for future public works projects.

Securitized Limited Obligation Notes

Government Code §53835, et seq.

Special districts may issue securitized limited obligation notes (SLONs) and borrow up to \$2 million to be paid back from designated revenues over a ten year period. SLONs are a more secure and less expensive alternative to promissory notes and do not require voter approval. However, a special district must secure its SLONs by pledging a dedicated stream of revenues. It takes a four-fifths vote of a district's government board to issue SLONs. The authorization for the issuance of SLONs ends December 31, 2019.

Special Taxes

California Constitution Articles XIII A §4 and XII C §2

Government Code §50075, et seq., 53970, et seq.

A special tax is a property tax imposed for a specific, or "special" purpose. Special taxes are taxes – not fees, charges, or special assessments – and as such the amount of the tax is not limited to the relative benefit each property owner will receive. Unlike the 1 percent ad valorem property tax, which is based on property value, these taxes are typically levied on parcels based either on square footage or as a flat charge. A local government may impose, extend, or increase a special tax only if the proposal is submitted to the electorate and approved by a two-thirds vote. Special taxes may be reduced or repealed by popular initiative. All taxes imposed by a special district are inherently special taxes (as opposed to general taxes) because districts are service specific and can only use funds for those specific purposes.

Special Act

Statutes that address the specific needs of a community and establish a specific special district to address those needs. These districts (rather than district types) are uniquely created by the Legislature.

B. SPECIAL DISTRICT PRINCIPAL ACTS

Principal acts are statutes established for an entire category of special districts. Local voters create and govern special districts under the authority of these acts. Each special district type (for example, flood control, public utilities, or community services districts) has its own principal act. The following is a list of independent special district types, the location of the associated principal act, and other relevant information about the district types.

Special District Type	Powers and Functions	Formation	Number of Ind. Special Districts	Election Information	Number of Board Members
<i>Airport Districts Public Utilities Code</i> <i>§22001 et seq.</i>	Assist in the development of airports, spaceports, and air navigation facilities	Any territories of one or more counties and one or more cities, all or any part of any city and any part of the unincorporated territory of any county; the boundaries of a district may be altered and outlying contiguous territory in the same or an adjoining county annexed to the district	10	Elected by resident voters to 4 year terms	5 Directors
<i>California Water Districts</i> <i>Water Code §34000 et seq.</i>	Maintain the necessary works for the production, storage, and distribution of water for irrigation, domestic, industrial, and municipal purposes, and any drainage or reclamation works	Any area of land which is capable of using water beneficially for irrigation, domestic, industrial or municipal purposes and which can be serviced from common sources of supply and by the same system of works; area need not be contiguous	132	Elected by landowner voters to 4 year terms ¹	At least 5 Directors (may be increased to 7, 9, or 11) ²
<i>California Water Storage Districts</i> <i>Water Code §39000 et seq.</i>	Maintain the necessary works for the storage and distribution of water and drainage or reclamation works	Any land irrigated or capable of irrigation from a common source; under specific conditions the district need not be contiguous	8	Elected by landowner voters to 4 year terms	At least 5 Directors ²
<i>Citrus Pest Districts</i> <i>Food and Agriculture Code §8401 et seq.</i>	Control and eradicate citrus pests	Any county devoted exclusively to the growing of citrus fruits	9	Appointed by the Board of Supervisors to fixed 4 year terms	5 Directors ³

Special District Type	Powers and Functions	Formation	Number of Ind. Special Districts	Election Information	Number of Board Members
<p><i>Community Services Districts</i></p> <p><i>Government Code §61000 et seq.</i></p>	<p>Provide up to 32 different services such as, water, garbage collection, wastewater management, security, fire protection, public recreation, street lighting, mosquito abatement services, etc.</p>	<p>Any county or counties of an unincorporated territory or incorporated territory of a contiguous or noncontiguous area</p>	<p>321</p>	<p>Elected by resident voters to 4 year terms⁴</p>	<p>5 Directors</p>
<p><i>Cotton Pest Abatement Districts</i></p> <p><i>Food and Agriculture Code §6051 et seq.</i></p>	<p>Control and prevent introduction of pests, and oversee cotton plants in areas that are at risk of pests</p>	<p>Any land in more than one of the counties of Imperial, Los Angeles, Orange, Riverside, San Bernardino, San Diego, and Ventura with the consent of the Board of Supervisors of the counties affected</p>	<p>1</p>	<p>Appointed by the Board of Supervisors to fixed 4 year terms</p>	<p>5 Directors⁵</p>
<p><i>County Sanitation Districts</i></p> <p><i>Health and Safety Code §4700 et seq.</i></p>	<p>Maintain and operate sewage systems and sewage disposal or treatment plants</p>	<p>Any unincorporated or incorporated territory or both; the incorporated territory included in the district may include the whole or part of one or more cities with the permission of that city</p>	<p>37</p>	<p>Elected by resident voters to 4 year terms or may choose to have a mixed board⁶</p>	<p>At least 3 Directors</p>
<p><i>County Water Districts</i></p> <p><i>Water Code §30000 et seq.</i></p>	<p>Develop regulations for the distribution and consumption of water; sell water; collect and dispose sewage, garbage, waste, trash and storm water; store water for future needs; may generate hydroelectric power; and provide fire protection under specified conditions</p>	<p>Any county or two or more contiguous counties or of a portion of such county or counties, whether the portion includes unincorporated territory or not</p>	<p>169</p>	<p>Elected by resident voters to 4 year terms⁴</p>	<p>At least 5 Directors (may be increased to 7, 9, or 11)</p>

Special District Type	Powers and Functions	Formation	Number of Ind. Special Districts	Election Information	Number of Board Members
<p><i>Fire Protection Districts</i></p> <p><i>Health and Safety Code §13800 et seq.</i></p>	<p>Provide fire protection and other emergency services</p>	<p>Any territory, whether incorporated or unincorporated, whether contiguous or noncontiguous, may be included</p>	<p>346</p>	<p>Elected by resident voters to 4 year terms or appointed by the Board of Supervisors (and City Council where applicable) to fixed 4 year terms⁷</p>	<p>May be 3, 5, 7, 9 or 11 Directors (not to exceed 11)</p>
<p><i>Harbor Districts</i></p> <p><i>Harbors and Navigation Code §6000 et seq.</i></p>	<p>Manage any bay, harbor, inlet, river, channel, etc. in which tides are affected by the Pacific Ocean</p>	<p>Any portion or whole part of a county, city, or cities, the exterior boundary of which includes a harbor</p>	<p>7</p>	<p>Elected by resident voters to 4 year terms</p>	<p>5 Commissioners</p>
<p><i>Health Care/Hospital Districts</i></p> <p><i>Health and Safety Code §32000 et seq.</i></p>	<p>Establish, maintain, and operate, or provide assistance in the operation of, one or more health facilities or health services, including, but not limited to: outpatient programs, services, and facilities; retirement programs, services, and facilities; chemical dependency programs, services, and facilities</p>	<p>Any incorporated or unincorporated territory, or both, or territory in any one or more counties; the territory comprising this district need not be contiguous but the territory of a municipal corporation shall not be divided</p>	<p>79</p>	<p>Elected by resident voters to 4 year terms</p>	<p>5 Directors</p>
<p><i>Irrigation Districts</i></p> <p><i>Water Code §20500 et seq.</i></p>	<p>Sell and lease water; operate sewage collection and disposal system; deliver water for fire protection; dispose and salvage sewage water; protect against damage from flood or overflow; provide drainage made necessary by the irrigation provided; maintain recreational facilities in connection with any dams, reservoirs, etc.; and operate and sell electrical power</p>	<p>Any land capable of irrigation; includes land used for residential or business purposes susceptible of receiving water for domestic or agriculture purposes; need not be contiguous</p>	<p>92</p>	<p>Elected by resident voters to 4 year terms⁸</p>	<p>3 or 5 Directors</p>

Special District Type	Powers and Functions	Formation	Number of Ind. Special Districts	Election Information	Number of Board Members
<p><i>Levee Districts</i></p> <p><i>Water Code §70000 et seq.</i></p>	<p>Protect the district's land from overflow by constructing and maintaining the necessary infrastructure</p>	<p>Any county or counties or any portion thereof of an unincorporated territory or incorporated territory in need of protection of the lands of the district from overflow and for the purpose of conserving or adding water to the sloughs and drains</p>	<p>13</p>	<p>Elected by landowner voters to 4 year terms</p>	<p>3 Directors</p>
<p><i>Library Districts</i></p> <p><i>Education Code §19400 et seq.</i></p>	<p>Equip and maintain a public library in order to exhibit knowledge in a variety of areas</p>	<p>Any incorporated or unincorporated territory, or both, in any one or more counties, so long as the territory of the district consists of contiguous parcels and the territory of no city is divided</p>	<p>13</p>	<p>Appointed by the Board of Supervisors to fixed 4 year terms</p>	<p>3 or 5 Trustees</p>
<p><i>Memorial Districts</i></p> <p><i>Military and Veterans Code §1170 et seq.</i></p>	<p>Operate and maintain memorial halls, meeting places, etc. for veterans</p>	<p>Any incorporated territory of the county together with any contiguous unincorporated territory thereof; or may be formed entirely of contiguous incorporated territory; or entirely of contiguous unincorporated territory</p>	<p>27</p>	<p>Elected by resident voters to 4 year terms</p>	<p>5 Directors⁹</p>
<p><i>Mosquito Abatement and Vector Control Districts</i></p> <p><i>Health and Safety Code §2000 et seq.</i></p>	<p>Conduct effective programs for the surveillance, prevention, abatement and control of mosquitos and other vectors</p>	<p>Any territory, whether incorporated or unincorporated, whether contiguous or noncontiguous and districts may not overlap</p>	<p>47</p>	<p>Appointed by the Board of Supervisors or the City Council to fixed 2-4 year terms¹⁰</p>	<p>5 Trustees</p>

Special District Type	Powers and Functions	Formation	Number of Ind. Special Districts	Election Information	Number of Board Members
<p><i>Municipal Utility Districts</i></p> <p><i>Public Utilities Code §11501 et seq.</i></p>	<p>Manage and supply light, water, power, heat, transportation, telephone service, or other means of communication, or means for the collection, treatment, or disposition of garbage, sewage or refuse matter</p>	<p>Any public agency together with unincorporated territory, or two or more public agencies, with or without unincorporated territory; public agencies and unincorporated territory included within a district may be in the same or separate counties and need not be contiguous; no public agency shall be divided in the formation of a district</p>	<p>5</p>	<p>Elected by resident voters to 2-4 year terms¹¹</p>	<p>5 Directors</p>
<p><i>Municipal Water Districts</i></p> <p><i>Water Code §71000 et seq.</i></p>	<p>Develop and sell water; promote water use efficiency; operate public recreational facilities; provide fire protection; collect and dispose trash, garbage, sewage, storm water and waste; and generate, sell and deliver hydroelectric power</p>	<p>Any county or counties, or of any portions thereof, whether such portions include unincorporated territory only or incorporated territory of any city or cities; cities and unincorporated territory does not need to be contiguous</p>	<p>37</p>	<p>Elected by resident voters to 4 year terms</p>	<p>5 Directors</p>
<p><i>Police Protection Districts</i></p> <p><i>Health and Safety Code §20000 et seq.</i></p>	<p>Provide police service to a community</p>	<p>May be formed in unincorporated towns</p>	<p>3</p>	<p>Elected by resident voters to 2-4 year terms</p>	<p>3 Commissioners</p>
<p><i>Port Districts Harbors and Navigation Code</i></p> <p><i>§6200 et seq.</i></p>	<p>Maintain and secure the ports</p>	<p>Shall include one municipal corporation and any contiguous unincorporated territory in any one county, but a municipal corporation shall not be divided</p>	<p>5</p>	<p>Appointed by the Board of Supervisors and City Council to fixed 4 year terms, and approved by resident voters</p>	<p>5 Commissioners</p>

Special District Type	Powers and Functions	Formation	Number of Ind. Special Districts	Election Information	Number of Board Members
<p><i>Public Cemetery Districts</i></p> <p><i>Health and Safety Code §9000 et seq.</i></p>	<p>Maintain public cemeteries in communities as necessary</p>	<p>Any territory, whether incorporated or unincorporated, whether contiguous or noncontiguous; districts may not overlap</p>	<p>248</p>	<p>Appointed by the Board of Supervisors to fixed 4 year terms</p>	<p>3 or 5 Trustees</p>
<p><i>Public Utility Districts</i></p> <p><i>Public Utilities Code §15501 et seq.</i></p>	<p>Maintain the infrastructure to provide electricity, natural gas, water, power, heat, transportation, telephone service, or other means of communication, or the disposition of garbage, sewage, or refuse matter</p>	<p>May be incorporated and managed in unincorporated territory</p>	<p>54</p>	<p>Elected by resident voters to 2-4 Year terms¹²</p>	<p>At least 3 Directors</p>
<p><i>Reclamation Districts</i></p> <p><i>Water Code §50000 et seq.</i></p>	<p>Reclaim and maintain land that is at risk of flooding for a variety of purposes</p>	<p>Any land within any city in which land is subject to overflow or incursions from the tide or inland waters of the state</p>	<p>150</p>	<p>Elected by landowner voters to 4 year terms</p>	<p>3, 5 or 7 Trustees</p>
<p><i>Recreation and Park Districts</i></p> <p><i>Public Resources Code §5780 et seq.</i></p>	<p>Organize and promote programs of community recreation, parks and open space, parking, transportation and other related services that improve the community's quality of life</p>	<p>Any territory, whether incorporated or unincorporated, whether contiguous or noncontiguous</p>	<p>95</p>	<p>Elected by resident voters to 4 year terms or appointed by the Board of Supervisors to fixed 4 year terms</p>	<p>5 Directors</p>
<p><i>Resource Conservation Districts</i></p> <p><i>Public Resources Code §9151 et seq.</i></p>	<p>Manage a diversity of resource conservation projects, including soil and water conservation projects, wildlife habitat enhancement and restoration, control of exotic plant species, watershed restoration, conservation planning, education, and many others</p>	<p>Any land shall be those generally of value for agricultural purposes, but other lands may be included in a district if necessary to conserve resources</p>	<p>99</p>	<p>Elected by resident voters to 4 year terms</p>	<p>5 ,7, or 9 Directors</p>

Special District Type	Powers and Functions	Formation	Number of Ind. Special Districts	Election Information	Number of Board Members
<p><i>Sanitary Districts</i> <i>Health and Safety Code</i> <i>§6400 et seq.</i></p>	<p>Maintain and operate garbage dumpsites, garbage collection and disposal systems, sewers, storm water drains and storm water collection, recycling and distribution systems</p>	<p>Any county, or in two or more counties within the same natural watershed area</p>	<p>66</p>	<p>Elected by resident voters to 4 year terms</p>	<p>5 Directors</p>
<p><i>Transit Districts</i> <i>Public Utilities Code §24501 et seq.</i></p>	<p>Construct and operate rail lines, bus lines, stations, platforms, terminals and any other facilities necessary or convenient for transit service</p>	<p>Any city together with unincorporated territory, or two or more cities, with or without unincorporated territory may organize and incorporate as a transit district; cities and unincorporated territory included within a district may be in the same or separate counties and need not be contiguous; no city shall be divided in the formation of a district</p>	<p>17</p>	<p>Elected by resident voters to 2- 4 year terms¹³</p>	<p>7 Directors</p>
<p><i>Water Conservation Districts</i> <i>Water Code</i> <i>§74000 et seq.</i></p>	<p>Maintain, survey, and research water supplies</p>	<p>Unincorporated territory or partly within unincorporated and partly within incorporated territory, and may be within one or more counties that need water conservation services; territory does not need to be contiguous</p>	<p>13</p>	<p>Elected by resident voters to 4 year terms</p>	<p>3, 5 or 7 Directors</p>
<p><i>Water Replenishment Districts</i> <i>Water Code</i> <i>§60000 et seq.</i></p>	<p>Replenish the water and protect and preserve the groundwater supplies</p>	<p>Any land entirely within unincorporated territory, or partly within unincorporated territory and partly within incorporated territory, and within one or more counties in this state</p>	<p>2</p>	<p>Elected by resident voters to 4 year terms</p>	<p>5 Directors</p>

PRINCIPAL ACTS FOOTNOTES

1. *Can be changed to resident voter by the Board of Supervisors through a resolution and a petition (See Water Code §35040)*
2. *Board member must be a holder or legal representative of title to land within the district or designated by a holder of title of land (See Water Code §34700)*
3. *Must be an owner of land devoted to the growing of the product for which the district is established (See Food and Agriculture Code §8502)*
4. *May be elected: At large, by divisions, or from divisions*
5. *Food and Agriculture Code §6060: "No person shall, at any time, be eligible to hold the office of director of any district unless he or she is a resident of the state, and a cotton grower, either individually or as a joint tenant of, or is a member of a partnership which owns, or is an officer of, a corporation which grows cotton within the district"*
6. *For specifics on the county sanitation district mixed board, please see Health and Safety Code §4730-4730.1*
7. *Dependent upon existence of cities within the district*
8. *Water Code §21552: "The number of divisions may be changed to three or five or the method of electing directors may be changed to election by the district at large or by divisions, or both changes may be made simultaneously"*
9. *Military and Veterans Code §1170: "A majority of the seats on the board shall be designated for veterans, as defined in Section 940. Any board seat that is so designated, but is not currently filled by a qualifying individual, shall be filled by a qualified individual at the next election at which that seat is to be filled"*
10. *Health and Safety Code §2024 (a): "..., the term of office for a member of the board of trustees shall be for a term of two or four years, at the discretion of the appointing authority"*
11. *Elected at large from nominees that represent each of the five wards within the district (See Public Utilities Code §11641-11656)*
12. *Elected at large and from territorial units in unincorporated areas suited within the county (See Public Utilities Code §15951-15976)*
13. *Elected at large from nominees that represent each of the five wards within the district and two are elected at large (See Public Utilities Code §24801)*

C. CASE-STUDIES

FORMATION CASE STUDY A:

CASTROVILLE COMMUNITY SERVICES DISTRICT

The formation of the Castroville Community Services District (CCSD) was accomplished primarily through the consolidation of services previously provided by the Castroville Water District (CWD) and County Service Area 14 (CSA). The CCSD's boundaries and sphere of influence were generally the same as those of the CWD and CSA.

The community of Castroville had a population of approximately 6,700, and was composed of single-family, multi-family, and farm worker housing; a 65-acre industrial park; and 500 acres of commercial development. The surrounding area consisted mostly of farmland.

The Castroville Community Plan, an amendment to the County General Plan, identified a number of opportunities for future growth in Castroville, including medium and high density residential spaces, new industrial areas, and a commuter train station. The services offered by the CCSD were needed to accommodate the expected growth. The Local Agency Formation Commission of Monterey County (LAFCo) found that the formation of a community services district, combining the services already provided to the community by the two existing agencies, would result in greater efficiency in the delivery of services and governance.

As part of the application process, LAFCo sent approximately 35 referral letters to potentially affected agencies. Eight agencies responded with comments, of which three expressed concerns, and the remaining commenters were generally supportive of the application. The California Coastal Commission submitted comments indicating a concern about including areas within the Coastal Farmland Protection area in the district boundaries and proposed sphere of influence. In response, the applicant revised the proposal to delete areas within the coastal zone from the proposed sphere of influence.

Monterey County Parks expressed concern regarding the provision of recreation and park services in the Castroville community. Under an existing arrangement, the North County Recreation and Park District (NCRPD) provided community recreation and parks to the Castroville area. An arrangement existed allowing CSA 14 to augment the services of the park district. Discussions were held with all interested parties, including Monterey County Parks, regarding the future provision of recreation and park services. The CCSD applicants agreed by letter that NCRPD would continue to be the primary provider of parks and community recreation and CCSD would be able to augment services. The binding effect of this letter was a condition of CCSD's formation.

Upon formation of the CCSD, the board of directors of the former CWD served as the initial board of directors.

FORMATION CASE STUDY B:

SUISUN SLOUGH WEST RECLAMATION DISTRICT

Reclamation districts reclaim and maintain land at risk of flooding by maintaining levees. On June 29, 2007 the six land owners of 1,673 contiguous acres of land in the Suisun Marsh submitted an application and petition for the formation of the Suisun Slough West Reclamation District. The district would be formed to maintain existing levees and allow the area to be eligible for state and federal levee repair assistance funds.

The formation followed the requirements of Section 50310 of the California Water Code. Since the levees already existed, the formation was exempt from CEQA under a Class 20 exemption. The Class 20 exemption is specifically for LAFCo actions where the only change is a change in governing body.

Since the territory had less than 12 registered voters it was considered uninhabited. In uninhabited territory, 100 percent consent of the landowners allows LAFCo to waive the protest proceedings. Otherwise a protest hearing must be held where 25 percent of the landowners protesting would trigger an election and a 50 percent protest would block the formation. Since all six landowners agreed to the formation, the protest proceedings were waived.

Reclamation Law allows for landowners to decide if they want a board of trustees. In this case, the landowners chose to have a board of trustees and LAFCo ordered the county board of supervisors to call an election for the first board of trustees. If there were insufficient candidates for the five seats on the board, the county board of supervisors could appoint trustees.

LAFCo staff completed an analysis, which addressed all the requirements of state law within the Cortese-Knox-Hertzberg Act, as well as the local LAFCo policies. On August 13, 2007, the LAFCo held a duly noticed hearing and adopted a resolution forming the district. The resolution included conditions whereby district activities would be in compliance of the Suisun Marsh Protection Plan, the Board of Supervisors would call for an election of the Board of Trustees, and the by-laws would be required to include a timely notification to the county clerk of a vacancy on the board of trustees. All conditions were met and a certificate of completion was issued on December 5, 2007.

D. OTHER RESOURCES

The following is a list of some additional publications and resources, which cover in greater depth some of the topics addressed in this guide.

Formation and Reorganization

California LAFcos Directory <http://www.calafco.org/index.php/about-us/member-lafcos>

Guide to Cortese-Knox-Hertzberg Local Government Reorganization Act of 2000 (2015), Assembly Local Government Committee
50 Years of LAFCo: A Guide To LAFCos (December 2013), Senate Governance and Finance Committee

General Information

Hawkins Report, (1973), Local Government Reform Task Force
Special Districts: Relics of the Past or Resources for the Future?

(May 2000), Little Hoover Commission

What's So Special About Special Districts (February 2002), Senate Local Government Committee
Committee

Governance

A Local Official's Guide to Ethics Laws (2005), Institute for Local Government

Integrity and Accountability: Exploring Special Districts' Governance (November 2003), Senate Local Government Committee

Open & Public IV: A Guide to the Ralph Brown Act (2007), League of California Cities

Open, Ethical Leadership: AB 1234 Compliance Training for Special Districts, California Special Districts Association

Political Reform Act (2007), Fair Political Practices Commission

Summary of the California Public Records Act (2004), California Attorney General's Office

The Brown Act: Open Meetings for Local Legislative Bodies (2003), California Attorney General's Office

Independent Special District Type Specific

A New Law for a New Mission: SB 515 and the Fire Protection District Law of 1987 (October 1987), Senate Local Government Committee

Community Services, Community Needs (March 2006), Senate Local Government Committee

For Years to Come: A Legislative History of SB 341 and the "Public Cemetery District Law" (August 2004), Senate Local Government Committee

Parks, Progress and Public Policy: A Legislative History of Senate Bill 707 and the "Recreation and Park District Law" (October 2001), Senate Local Government Committee

Science, Service, and Statutes: A Legislative History of Senate Bill 1588 and the "Mosquito Abatement and Vector Control District Law" (September 2003), Senate Local Government Committee

Public Works

Guide to CEQA, Solano Press Books

Revenue and Finance

Assessing The Benefits of Benefit Assessment, 2nd Edition (December 2004), Senate Local Government

Property Taxes: Why Some Local Governments Get More Than Others (August 1996), Legislative Analyst's Office

Proposition 26 Guide for Special Districts, (2013), California Special Districts Association

Proposition 218 Guide for Special Districts, (2013), California Special Districts Association

Special District Reserve Guidelines, (2013), California Special Districts Association

The State Appropriations Limit (April 2000), Legislative Analyst's Office

Understanding Proposition 218 (December 2006), Legislative Analyst's Office



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