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Subject: CALAFCO Important Legislative Update - Pending CALAFCO Legislation
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Attachments: [CALAFCO Bulletin on Protest Legislation 2-2-22.pdf](#)

Good afternoon Member LAFCoS.

As we have reported to you, one of the CALAFCO 2022 legislative priorities is sponsorship of legislation addressing the 3-year long project of the protest provision rewrite working group. Today I am pleased to provide the attached CALAFCO Bulletin from the CALAFCO members of the working group on this critical piece of legislation.

For many years you have reported to CALAFCO that one of the primary deterrents of LAFCo initiated action is the low 10% protest threshold. This issue surfaced during the 2016-2017 Little Hoover Commission study. Consequently, one of the recommendations in the final report called for the convening of a working group to address the disparate threshold percentages and scattered/unorganized protest statutes. CALAFCO convened that working group and after three years of work, CALAFCO is ready to sponsor legislation to make necessary changes.

Please review the attached bulletin on the pending legislation, which is unanimously supported by our Board and Legislative Committee. Further, the CSDA Legislative Committee has gone on record in support of the concept of the deliverables of the working group (as outlined in the bulletin).

We will keep you updated on when the bill is actually introduced and as it proceeds through the legislative process. We look forward to your support on this critical measure for LAFCoS throughout the state. CALAFCO wishes to thank the heavy lifting done by our members of the working group who joined me including Board Member Jo MacKenzie, LAFCo Legal Counsel Holly Whatley, and Executive Officers José Henríquez, Steve Lucas, Kai Luoma and Paul Novak. Also a special shout out to former Advisor to the CALAFCO team of working group, Harry Ehrlich.

Thanks much,

Pamela

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CALAFCO Sponsored Legislation for Protest Provisions

TO: CALAFCO MEMBER LAFcos
FROM: CALAFCO & MEMBERS OF THE CALAFCO TEAM OF THE PROTEST PROVISION REWRITE WORKING GROUP
(Pamela Miller, Jo MacKenzie, Holly Whatley, José Henríquez, Steve Lucas, Kai Luoma and Paul Novak)

CALAFCO has been reporting to you for the past several years that we have been actively responding to several recommendations made in the 2017 Little Hoover Commission report (*Special Districts: Improving Oversight and Transparency*). We want to announce the completion of our work relating to the recommendation to ***“convene an advisory committee to review the protest process for consolidations and dissolutions of special districts and to develop legislation to simplify and create consistency in the process”***. CALAFCO initiated a working group of stakeholders in early 2019 to discuss the protest process for consolidations and dissolutions of special districts, specifically, the statutes related to LAFco-initiated protest provisions and the 10% protest threshold while all other initiated actions have a 25% protest threshold. This disparity makes addressing necessary and appropriate special district consolidations and dissolutions considerably more difficult when initiated by a LAFco. Further, they serve as a deterrent for LAFco to initiate action, even if meaningful efficiencies in the provision of public services could be achieved or if a district is failing to meet its statutory requirements.

The 18-member working group consists of seven CALAFCO representatives (including CALAFCO/CSDA Board member Jo MacKenzie, CALAFCO ED Pamela Miller, LAFco legal counsel Holly Whatley, and EOs representing all 4 regions of CALAFCO including José Henríquez (Sacramento), Steve Lucas (Butte), Kai Luoma (Ventura) and Paul Novak (LA); seven CSDA representatives (including one of their lobbyists, legal counsel and five members representing water, fire, resource conservation and community services districts), representatives from the League of CA Cities and from the CA State Association of Counties, as well as the consultants from the Assembly Local Government and Senate Governance & Finance Committees.

The working group agreed on three main deliverables:

1. Review the protest provisions within the Cortese-Knox-Hertzberg Local Government Reorganization Act of 2000 (CKH) for relevance and delete any obsolete provisions, which was accomplished through AB 1581 (2021).
2. Redraft existing scattered protest code sections within CKH into a single code section to simplify the reading of the code section.
3. Examine the differing protest thresholds relating to LAFco-initiated actions and all other initiated actions, which proved to be the most challenging of all the goals.

After considerable negotiation, the working group gave consensus on the following changes to CKH:

- ❖ The redrafting of existing protest code sections into one main section to simplify the reading of the section, and to add minor, non-substantive clarifications;
- ❖ Create specific circumstances under which a LAFco may initiate dissolution of a district with a 25% protest threshold, with determinations documented in a Municipal Service Review and presented at a 21-day noticed public hearing;
- ❖ Allow for a minimum 12-month remediation period for the district with a progress report provided by the district to the LAFco halfway through the remediation period; and
- ❖ A second 21-day noticed public hearing to determine if the identified issues have been mitigated, which would result in the LAFco either terminating the dissolution or moving forward with the dissolution using 25% protest threshold under the standard protest hearing process already in statute, with a public notice period of 60 days.

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

Consistent with the CALAFCO Strategic Plan, the CALAFCO Board of Directors and Legislative Committee unanimously support this effort and proceeding with a legislative solution in 2022. We are proud to announce Senator Hertzberg has agreed to author this measure with Assemblymember Mayes as primary co-author. The bill will be introduced shortly and will begin with the redrafting of existing protest code sections into one section. The new process allowing for LAFco-initiated dissolutions at 25% will be written and amended into the bill as it proceeds through the legislative process.

CALAFCO continues to conduct stakeholder outreach and will be reaching out to you, our member LAFcos, with regular updates on the bill and executing a call for legislative action requesting your support of this critical piece of legislation. Please contact our Executive Director Pamela Miller at pmiller@calafco.org with any questions.