

Question:

I see the topics of dissolutions and consolidation real issues coming to LAFCO. I think discussions regarding what is the local LAFCO's role in each would be of interest and of value. I see LAFCO as a recommendation position without much authority either to drive the dissolution and or consolidation, but to suggest doing the "right thing". So examples of what other counties have done and or explaining a normal route LAFCO would take in such scenarios.

Responses:

Butte LAFCO: We have had two good experiences to share. One was a CSD that collected taxes to supply water, but contracted for that service from a MWC and socked away the rest. The District Board resisted efforts to dissolve, but we went directly to the residents with the idea of a study to ensure their taxes were properly spent. After much discussion, the Board conceded as long as the money was used to help the residents with water supply issues in some way. The second example was an MSR done for three sewer agencies who collected sewage and sent it to a JPA-run WWTP. At the get go, one or more commissioners used the "C" word in a threatening manner which led to some real cooperation with LAFCO staff in order to show how well they worked together without "C". In the end, no consolidation took place, but it was considered in the MSR enough to cause the three agencies to voluntarily cooperate on shared services and other common functions. Sample reports can be provided.

Los Angeles LAFCO: LA LAFCO dissolved the Huntington Municipal Water District earlier this year. The Huntington Municipal Water District is not directly providing service; it contracts with Pasadena Water & Power for all maintenance and operations. The customers within the District's service area are being assessed, primarily for insurance and audit costs. The District does not show any assets on its financial statement or any plans for capital improvements. The Board meets once per year. It is recommended that the Huntington Municipal Water District be given a zero-area sphere of influence. Los Angeles LAFCO should initiate discussions with the District and Pasadena Water & Power to determine if a reorganization of the agencies might increase efficiencies and reach economies of scale.

In April 2012, LA LAFCO contracted with a consultant to evaluate options and feasibility. A draft report was issued in August 2012, with dissolution hearings scheduled for March and May 2013. The district's dissolution date was June 2013. Lessons learned include over-notification, sufficient and early outreach (to district board, successor agency and to Commission) and plenty of patience. Conclusions include the realization that this is LAFCO'S job; Commission-initiated dissolutions are a lot of work; full understanding of

the law is necessary (research CKH for all applicable sections; anticipate “inconsistencies” in CKH; talk to other LAFCOs; understand how assets are disposed and read the principal act); understand the involved district and outreach, outreach, outreach. Sample reports can be provided.

San Benito LAFCO: With few exceptions, LAFCO cannot generally initiate a boundary change or reorganization and file it with itself. Therefore, LAFCO acts at times as the conscience of good government, promoting logical reorganizations. But it does more than that in adopting Spheres of Influence, which can serve as a blueprint for the future organization of local agencies. For example, having a common Sphere of Influence for two agencies would be LAFCO’s way of indicating consolidation would be appropriate. Or adopting a “zero” SOI indicates LAFCO’s view that the agency should be dissolved.

Solano LAFCO: As you know, the best route to consolidation is if the agencies pass substantially similar resolutions in support of consolidation. An example is the Elk Grove Community Services District and the Galt Fire Protection District. EGCS D provides parks and fire. At the time, Galt needed some upgrades to equipment, but were approaching the Gann limit. EGCS D was providing mutual aid on a regular basis. Both boards passed substantially similar resolutions, which meant that LAFCO could not deny the consolidation. The consolidation resulted in the formation of the Cosumnes CSD and better service.

Sonoma LAFCO: Not that this has happened very much in Sonoma County, but when a “combining” has been proposed, typically, LAFCO, on recommendation of our legal counsel, has gone the reorganization route. I think one of the main motivations is that with reorganization, there doesn’t have to be an election to establish an appropriations limit which you do have to do, as I understand it, for a consolidation. Putting a money question on the ballot has its risks because voters seem to react differently to money issues versus a “should we form a district” question. So, David Hurst, our counsel, looks for alternative ways of getting to the same goal or, if the question must be asked, the goal would be to include the money question as part of a larger question, i.e., not isolating it so that, if the voters’ answer to that is “no,” it won’t bring the whole thing down. Hope that makes sense. [Sonoma LAFCO has not, historically, been proactive in getting districts to combine.] Sample reports were provided.