



Local Agency Formation Commission
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Merced, CA 95340
Phone (209) 385-7671 / Fax (209) 726-1710
www.lafcomerced.org

DATE: March 21, 2019
TO: LAFCO Commissioners
FROM: ^{BN} Bill Nicholson, Executive Officer
RE: Letter of Support for AB 1253 (Rivas) for LAFCO Grant Program
(Agenda Item VII.A)

The California Association of Local Agency Formation Commissions (CALAFCO) has sent out a request to all LAFCOs requesting letters of support for an important bill that Merced LAFCO supported last year as AB 2258. Last year the bill was approved by the State Legislature, but vetoed by the Governor because no funding had been appropriated into the State Budget. This year, the bill is sponsored by Assembly Member Rivas, and co-authored by last year's author, Senator Anna Caballero, along with Senator Robert Hertzberg. Efforts are underway to get funding into the budget this year. A draft letter of support is attached for the Commission's consideration, and a brief summary of the benefits of this Bill is presented below.

AB 1253 proposes a five-year pilot grant program with funding for local LAFCO studies on governmental efficiency – specifically leading to dissolution or consolidation of districts located in disadvantaged (low income) communities. This grant program is intended to address one of the recommendations of the Little Hoover Commission in their 2017 investigation of special districts – to provide State funding to local LAFCOs to complete studies or take actions to either dissolve inactive special districts or to consolidate poorly functioning districts with neighboring cities or successful special districts.

Based on a broad survey of local LAFCO's, one of the primary reasons Commission's hadn't completed dissolutions or consolidations that had been identified in earlier Municipal Service Reviews (MSRs) was the lack of financial resources. In Merced LAFCO's region, agencies like the non-operating Celeste County Water District, or the struggling Volta Community Services District could be evaluated with development of a path to replace their functions with another agency or identification of measures to enhance the current district through shared services or other measures. If grant funds were available, these efforts would be funded by the State rather than by the County and six cities within the County.

The total amount of funding to be made available has not been set in the Bill, but it is likely going to be a three-year funding period with multiple opportunities to apply for funding.

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Action Requested

Approve a letter of support for Assembly Bill AB 1253 (Rivas) regarding grant funding for local LAFCOs.

Attachment:

Draft Letter to the Honorable Assembly Member Rivas



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March 21, 2019

The Honorable Robert Rivas
California State Assembly
State Capital Room 5158
Sacramento, CA 95814

Subject: *Support of AB 1253*

Dear Assembly Member Rivas:

The Local Agency Formation Commission of Merced County (Merced LAFCo) is pleased to join the California Association of Local Agency Formation Commissions (CALAFCO) in support for Assembly Bill 1253. Sponsored by CALAFCO, the bill establishes a five-year pilot grant program to provide grants to LAFCOs for conducting in-depth studies and analyses of local government agencies and services, targeted in disadvantaged communities, for the purposes of creating improved efficiencies in the delivery of local government services and completing the dissolution of inactive special districts. The grant program would be administered by the Strategic Growth Council and sunset on December 31, 2025.

The Legislature established LAFCOs in 1963 to encourage the orderly formation of local government agencies. Since that time, the regulatory role and responsibilities of LAFCOs has substantially increased without additional funding. Operating in all 58 California counties, LAFCOs are responsible for meeting important statutory directives to maintain orderly boundaries and seek greater efficiencies in delivering local services, and yet these directives often times cannot be met under current funding mechanisms. As a result, much needed LAFCo activities are sometimes delayed or rejected.

In August 2017, the Little Hoover Commission published a report on special districts and their oversight by LAFCOs, which contained several recommendations directly related to LAFCo. One recommendation was for the Legislature to provide one-time grant funding to pay for specified LAFCo activities, particularly to incentivize LAFCOs or smaller special districts to develop and implement dissolution or consolidation plans with timelines for expected outcomes.

By establishing this one-time grant funding, AB 1253 provides an additional tool for LAFCOs to conduct detailed studies and implement greater efficiencies in delivering local services based on local circumstances and conditions. For these reasons, Merced LAFCo is pleased to support AB 1253.

If this funding is made available, Merced LAFCo anticipates applying for funding to evaluate governmental reorganization of one or more special districts, such as the Ballico and Volta County Water Districts which have long-standing operational and budget problems, and investigate other opportunities for districts who are better equipped to provide the intended services, and to consider dissolving the Celeste County Water District who's services are provided by the City of Merced.

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Thank you for authoring this important piece of legislation. Please feel free to contact me should you have any questions about Merced LAFCo's position.

Sincerely yours,

Daron McDaniel
Chair

cc: Senator Robert Hertzberg, Co-Author
Senator Anna Caballero, Co-Author
Pamela Miller, Executive Director, CALAFCO