

Oceano Community Services District



Divestiture of a Power
LOCAL AGENCY FORMATION COMMISSION



LAFCo's Purpose: Legislative

- Set up in 1963 in every County
- State Law guides LAFCO decisions:
 - Discourage urban sprawl
 - Preserve agriculture and open space
 - Promote efficient public services
 - Encourage orderly boundaries

LAFCO Actions

- **Incorporations:** Nipomo and Cambria studied incorporation
- **District Formations:** Most recent California Water Districts
- **Dissolution:** On Occasion – CSA 17, Creston Hills Ranch CSD, Cayucos Fire Dept.
- **Disincorporation:** very rare – Maybe one or two state wide
- **Annexations:** Several annexations on radar; Fiero Ln. & Froom Ranch in SLO, MB Wastewater Site, Furlotti in Paso Robles
- **Detachments:** On occasion-but not very often
- **Outside User Agreements** to serve a property or area outside the service area of a jurisdiction.
- **Updating Spheres of Influence-Municipal Service Reviews** all jurisdictions
- **Activate/Divest Powers** of a District





Who is on the Commission?

- **Cross-section of local jurisdictions**
 - Two County Board of Supervisors
Debbie A. – Lynn C. – John P. Alt.
 - Two City Council Members
Roberta F.- Ed W. – Steve G. Alt
 - Two Special District Members
Marshall O.- Robert E. - Ed Eby, Alt.
 - One Public Member
Tom M. - Heather J. Alt



Divestiture of a Power

- LAFCO approval to activate or divest a power
- CSD's are required to get LAFCO approval to divest a power that is active (GC 56824.10)
- Apply to LAFCO, review and analyze, LAFCO hearing, Protest Process
- Key pieces; Plan for Services and Property Tax Exchange with the County
- Powers: Water, sewer, parks & recreation, fire protection, solid waste, street lighting



Divestiture of a Power

- GC 56037.2. "Divestiture of power" means the termination of the power and authority to provide particular functions or classes of services within all or part of the jurisdictional boundaries of a special district.



Divestiture of a Power

➤ Process

- Board of Directors consider a Resolution of Application, a Plan for Services and Budget
- Must provide a 21 day hearing notice
- File the adopted Resolution, Plan for services, budget, and fees (\$3,000) with LAFCO
- Reviewed by LAFCO Staff, Referrals, Staff Report, Noticing, LAFCO Public Hearing
- If approved, protest hearing process begins



Divestiture of a Power

➤ Plan for Services

- Important document that tells the CSDs story
- Describes the service-level and how the service will be provided in the future
- With fire service, work with the County to develop a Plan for Service
- Timing of the service transfer, assets to be transferred, equipment, taxes, etc.
- Plan for financing; cost, revenues, initial budget
- County review of the Plan for Services



Divestiture of a Power

- Property Tax Exchange Agreement
 - Agreement by District and County to exchange Property Tax
 - County and District negotiate the agreement
 - Agreement is approved by both the District and County
 - Amount based on prior use of Property Tax for fire services
 - Agreement must be approved before divestiture is approved



Divestiture of a Power

Summary

- Process should take 6-months to a year
- Make sure this is the direction District wants to go-Activating the power will be difficult
- Key is working with the County