



OFFICE OF ASSEMBLYMEMBER

Anna Caballero

THIRTIETH ASSEMBLY DISTRICT

ASSEMBLY BILL 2258

**PURPOSE**

AB 2258 establishes a funding program to provide grants to Local Agency Formation Commissions (LAFCo) to conduct studies and analyses of local government agencies and services for the purposes of creating improved efficiencies in the delivery of services and to complete the process to terminate inactive special districts.

Grant funds will be used specifically to conduct special studies to identify and fund projects which create greater efficiencies in the provision of municipal services and initiate actions based on those studies that remove or reduce local costs, thus incentivizing local agencies to work with the LAFCo in developing and implementing reorganization plans, and the dissolution of inactive districts (pursuant to SB 448, Wieckowski, 2017). The grant program would be administered by the Strategic Growth Council and would sunset on December 31, 2023.

**PROBLEM**

LAFCos are responsible for meeting important statutory directives to maintain orderly boundaries and seek greater efficiencies in delivering local services, and yet these directives cannot be regularly met under current funding mechanisms. As a result, much-needed LAFCo activities are sometimes delayed or rejected because of the lack of funds. There is an increasing call for LAFCos to conduct more in-depth studies of local agency service providers that would consider options for greater efficiencies in the delivery of public services and improved governance models. AB 2258, as a pilot program, will provide for a small amount of one-time grant funding to assist LAFCos in performing these special studies.

**BACKGROUND**

The Legislature established LAFCos in 1963 to encourage the orderly formation of local government agencies. Since that time, the role and responsibilities of LAFCos have substantially increased to include preserving agricultural and open space land resources, discourage urban sprawl, and to ensure the efficient and sustainable provision of public services. Operating in all 58 California counties, LAFCos are responsible for assisting in the provision of effective local government services through its explicit authority to conduct boundary changes, approve spheres of influence, conduct municipal service reviews, and initiate changes of organization and reorganization for special districts.

Recently, some critics have become frustrated with the deliberative LAFCo process that was not designed to yield immediate results, but rather to ensure all parties are actively engaged and the citizens' right to protest is not infringed. This has resulted in legislation that often overrides local LAFCo processes in favor of a more streamlined approach that removes some or many of the deliberative safeguards imposed on LAFCos. An August 2017 Little Hoover Commission report on special districts outlined such concerns and recommended the Legislature consider one-time grant funding to pay for specified activities, suggesting that a small amount of funds (\$1-\$3 million) could save taxpayers money if local government services are streamlined and efficiency is improved.

The California Association of Local Agency Formation Commissions (CALAFCO) surveyed its members to assist in developing a grant funding program. For a relatively small cost, LAFCos would be able to address known service and governance concerns that could potentially save California taxpayers additional money

through the reorganization of local government agencies and improved efficiencies in service delivery.

## SOLUTION

AB 2258 establishes a grant funding program, administered by the Strategic Growth Council, to provide LAFcos with funding to initiate and complete dissolution of inactive districts, prepare special studies, and potentially initiate actions based on determinations contained in the study. The grant program includes specific eligible activities and a requirement to report to the Strategic Growth Council as to the use of grant funds.

## CONTACT

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