

Senate Bill No. 1458

Passed the Senate June 30, 2008

Secretary of the Senate

Passed the Assembly June 16, 2008

Chief Clerk of the Assembly

This bill was received by the Governor this _____ day
of _____, 2008, at _____ o'clock ____M.

Private Secretary of the Governor

CHAPTER _____

An act to amend Sections 25643, 50078.1, 54251, 56036, 56375, and 57075 of, to amend and renumber Section 25210 of, to add Chapter 2.5 (commencing with Section 25210) to, and to repeal Chapter 2.2 (commencing with Section 25210.1) of, Part 2 of Division 2 of Title 3 of, the Government Code, to amend Section 5470 of the Health and Safety Code, to repeal Section 20394.3 of the Public Contract Code, to amend Sections 5621, 13031, and 13215 of, and to repeal Section 13030 of, the Public Resources Code, to amend Section 97.41 of the Revenue and Taxation Code, to amend Section 1179.5 of the Streets and Highways Code, and to amend Sections 22976, 22981, and 22982 of the Water Code, relating to local government.

LEGISLATIVE COUNSEL'S DIGEST

SB 1458, Committee on Local Government. Local government: the County Service Area Law.

(1) The County Service Area Law authorizes the formation of county service areas to provide authorized services, as specified.

This bill would revise and recast the County Service Area Law and make conforming changes.

(2) This bill would incorporate additional changes in Section 56375 of the Government Code, proposed by AB 1263, to be operative only if AB 1263 and this bill are both chaptered and become effective January 1, 2009, and this bill is chaptered last.

(3) This bill would incorporate additional changes in Section 57075 of the Government Code, proposed by AB 2484, to be operative only if AB 2484 and this bill are both chaptered and become effective January 1, 2009, and this bill is chaptered last.

The people of the State of California do enact as follows:

SECTION 1. Section 25210 of the Government Code is amended and renumbered to read:

25209.3. The board of supervisors may do and perform all acts necessary to enable the county to participate in the Economic Opportunity Act of 1964, as amended, and its successors, including

the authorization of the expenditure by the county of whatever funds that may be required by the federal government as a condition to the county's participation.

SEC. 2. Chapter 2.5 (commencing with Section 25210) is added to Part 2 of Division 2 of Title 3 of the Government Code, to read:

CHAPTER 2.5. COUNTY SERVICE AREAS

Article 1. General Provisions

25210. This chapter shall be known and may be cited as the County Service Area Law.

25210.1. The Legislature finds and declares all of the following:

(a) Population growth and development in unincorporated areas result in new and increased demands for public facilities and services that promote the public peace, health, safety, and general welfare.

(b) The residents and property owners in unincorporated areas should have reasonable methods available so that they can finance and provide these needed public facilities and services.

(c) The residents and property owners in some unincorporated areas may propose the incorporation of new cities or annexations to existing cities as a way to fulfill these demands for public facilities and services.

(d) In other unincorporated areas, independent special districts with directly elected or appointed governing boards can fulfill these demands for public facilities and services.

(e) County boards of supervisors need alternative organizations and methods to finance and provide needed public facilities and services to the residents and property owners of unincorporated areas.

(f) In enacting the County Service Area Law by this chapter, it is the intent of the Legislature to continue a broad statutory authority for county boards of supervisors to use county service areas as a method to finance and provide needed public facilities and services.

(g) Further, it is the intent of the Legislature that county boards of supervisors, residents, and property owners use the powers and procedures provided by the County Service Area Law to meet the diversity of local conditions, circumstances, and resources.

25210.2. Unless the context requires otherwise, as used in this chapter, the following terms shall have the following meanings:

(a) “Board” means the county board of supervisors acting as the governing authority of a county service area.

(b) “Commission” or “local agency formation commission” means a local agency formation commission that operates in the county pursuant to the Cortese-Knox-Hertzberg Local Government Reorganization Act of 2000, Division 3 (commencing with Section 56000) of Title 5.

(c) “County service area” means a county service area formed pursuant to this chapter or any of its statutory predecessors.

(d) “Geologic hazard” means an actual or threatened landslide, land subsidence, soil erosion, earthquake, or any other natural or unnatural movement of land or earth.

(e) “Inhabited territory” means territory within which there reside 12 or more registered voters. All other territory shall be deemed “uninhabited.”

(f) “Landowner” or “owner of land” means all of the following:

(1) Any person shown as the owner of land on the county’s most recent assessment roll, except where that person is no longer the owner. Where that person is no longer the owner, the landowner or owner of land is any person entitled to be shown as the owner of land on the next assessment roll.

(2) Where land is subject to a recorded written agreement of sale, any person shown in the agreement as purchaser.

(3) Any public agency owning land, provided that a public agency which owns highways, rights-of-way, easements, waterways, or canals shall not be deemed a landowner or owner of land.

(g) “Latent power” means any service or facility authorized by Article 4 (commencing with Section 25213) that the local agency formation commission has determined, pursuant to subdivision (h) of Section 56425, that the county service area was not authorized to provide prior to January 1, 2009.

(h) “Voter” means a voter as defined by Section 359 of the Elections Code.

(i) “Zone” means a zone formed pursuant to Article 8 (commencing with Section 25217).

25210.3. (a) This chapter provides the authority for the organization and powers of county service areas. This chapter

succeeds the former Chapter 2.2 (commencing with Section 25210.1) as added by Chapter 858 of the Statutes of 1953, and as subsequently amended.

(b) Any county service area established pursuant to the former Chapter 2.2 which was in existence on January 1, 2009, shall remain in existence as if it had been formed under this chapter.

(c) Any improvement area, improvement zone, or zone formed pursuant to the former Chapter 2.2, which was in existence on January 1, 2009, shall be deemed to be a zone and remain in existence as if it had been formed as a zone pursuant to Article 8 (commencing with Section 25217).

(d) Any indebtedness, bond, note, certificate of participation, contract, special tax, benefit assessment, fee, charge, election, ordinance, resolution, regulation, rule, or any other action of a board taken pursuant to the former Chapter 2.2 before January 1, 2009, shall not be impaired or voided solely because of the enactment of this chapter or any error, omission, informality, misnomer, or inconsistency with this chapter.

(e) Any approval or determination, including, but not limited to, terms and conditions made with respect to a county service area by a local agency formation commission before January 1, 2009, shall remain in full force and effect.

25210.4. This chapter shall be liberally construed to effectuate its purposes.

25210.5. If any provision of this chapter or the application of any provision of this chapter in any circumstance or to any person, county, city, special district, school district, the state, or any agency or subdivision of the state is held invalid, that invalidity shall not affect other provisions or applications of this chapter which can be given effect without the invalid provision or application of the invalid provision, and to this end the provisions of this chapter are severable.

25210.6. (a) Any action to determine the validity of the organization of a county service area or zone shall be brought pursuant to Chapter 9 (commencing with Section 860) of Title 10 of Part 2 of the Code of Civil Procedure.

(b) Any action to determine the validity of any bonds, warrants, contracts, obligations, loans, notes, or evidence of indebtedness of a county service area shall be brought pursuant to Chapter 9

(commencing with Section 860) of Title 10 of Part 2 of the Code of Civil Procedure.

(c) (1) Any action or proceeding to validate, attack, review, set aside, void, or annul an ordinance or resolution adopted pursuant to this chapter and levying, fixing, or extending an assessment, charge, or fee or modifying or amending any existing ordinance or resolution shall be brought pursuant to Chapter 9 (commencing with Section 860) of Title 10 of Part 2 of the Code of Civil Procedure.

(2) If an ordinance or resolution provides for an automatic adjustment in an assessment, charge, or fee, and the automatic adjustment results in an increase in the amount of an assessment, charge, or fee, any action or proceeding to attack, review, set aside, void, or annul the increase shall be commenced within 60 days of the effective date of the increase.

(3) Any appeal from a final judgment in the action or proceeding brought pursuant to this subdivision shall be filed within 30 days after entry of the judgment.

(d) Any judicial action to review any other action taken pursuant to this chapter shall be brought pursuant to Chapter 2 (commencing with Section 1084) of Title 1 of Part 3 of the Code of Civil Procedure.

25210.7. (a) Territory, whether contiguous or noncontiguous, in the unincorporated area of a single county may be included in a county service area.

(b) A county service area that includes the entire unincorporated area of a county may be formed to provide any or all of the services and facilities authorized by this chapter if the county does not provide those services and facilities to the same extent to the entire area of the county.

(c) All or any part of a city may be included in a county service area only if the city council gives its consent, as provided in this chapter. The executive officer of a local agency formation commission shall not issue a certificate of filing pursuant to Section 56658 for an application for an annexation of incorporated territory to a county service area or a reorganization that would result in the annexation of incorporated territory to a county service area, unless the application is accompanied by a resolution adopted by the city council of the affected city that consents to the annexation of that incorporated territory.

(d) Land devoted primarily to the commercial production of agricultural products, timber, or livestock may be included in a county service area only if that land is contiguous to other land within the county service area and only if the land will benefit from the services and facilities that the county service area provides. A local agency formation commission shall not approve any change of organization or reorganization that would result in the inclusion of land devoted primarily to the commercial production of agricultural products, timber, or livestock in a county service area unless the board finds that the land will benefit from the services and facilities that the county service area provides.

(e) Except as provided in this chapter, the Cortese-Knox-Hertzberg Local Government Reorganization Act of 2000 (Division 3 (commencing with Section 56000) of Title 5) shall govern any change of organization or reorganization of a county service area. In the case of any conflict between that division or this chapter, the provisions of this chapter shall prevail.

(f) A county service area shall not be deemed an “independent special district” as defined by Section 56044 and as that term is used in the Cortese-Knox-Hertzberg Local Government Reorganization Act of 2000 (Division 3 (commencing with Section 56000) of Title 5).

(g) Whenever the boundaries of an improvement zone change, a county shall comply with Chapter 8 (commencing with Section 54900) of Part 1 of Division 2 of Title 5.

25210.8. (a) Except as otherwise provided in this chapter, elections for a county service area or zone are subject to the Uniform District Election Law (Part 4 (commencing with Section 10500) of Division 10 of the Elections Code).

(b) A county may conduct any election for a county service area or zone by all-mailed ballots pursuant to Division 4 (commencing with Section 4000) of the Elections Code.

(c) A county may hold advisory elections for a county service area or zone pursuant to Section 9603 of the Elections Code.

Article 2. Formation

25211. A new county service area may be formed pursuant to this article.

25211.1. (a) A proposal to form a new county service area may be made by petition. The petition shall do all of the things required by Section 56700. In addition, the petition shall do all of the following:

(1) State which services and facilities it is proposed that the county service area be authorized to provide upon formation.

(2) Set forth the proposed methods by which the county service area will finance those services and facilities, including, but not limited to, special taxes, benefit assessments, and fees.

(3) Propose a number or distinctive name for the county service area. Notwithstanding Section 7530, every county service area shall have the words “County Service Area” within its name.

(b) The petitions, the proponents, and the procedures for certifying the sufficiency of the petitions shall comply with Chapter 2 (commencing with Section 56700) of Part 3 of Division 5. In the case of any conflict between that chapter and this article, the provisions of this article shall prevail.

(c) As determined by the local agency formation commission, the petition shall be signed by not less than either:

(1) Twenty-five percent of the registered voters living in the area to be included in the county service area.

(2) Twenty-five percent of the number of owners of land who own not less than 25 percent of the assessed value of land within the area to be included in the county service area.

25211.2. (a) Before circulating any petition, the proponents shall publish a notice of intention which shall include a written statement not to exceed 500 words in length, setting forth the reasons for forming the county service area, the proposed services and facilities that the county service area will provide, and the proposed methods by which the county service area will be financed. The notice shall be published pursuant to Section 6061 in one or more newspapers of general circulation within the territory proposed to be included within the county service area.

(b) The notice shall be signed by one or more petitioners, and shall be in substantially the following form:

“Notice of Intent to Circulate Petition.

Notice is hereby given of the intention to circulate a petition to form the _____ [number or distinctive name of the county service area]. The reasons for forming the proposed county service

area are: _____. The proposed services and facilities that the county service area will provide are: _____. The proposed method(s) by which the county service area will finance those services and facilities are: _____.”

(c) Within five days after the date of publication, the proponents shall file with the executive officer of the local agency formation commission and the clerk of the board of supervisors a copy of the notice together with an affidavit made by a representative of the newspaper or newspapers in which the notice was published certifying to the fact of the publication.

(d) After the filing required by subdivision (c), the petition may be circulated for signatures.

25211.3. (a) A proposal to form a new county service area may also be made by the adoption of a resolution of application by the board of supervisors. Except for the provisions regarding the signers, the signatures, and the proponents, a resolution of application shall contain all of the matters specified for a petition in Section 25211.1.

(b) Before adopting a resolution of application, the board of supervisors shall hold a public hearing on the resolution. Notice of the hearing shall be published pursuant to Section 6061. At least 20 days before the hearing, the board of supervisors shall give mailed notice of its hearing to the executive officer of the local agency formation commission. The notice shall generally describe the proposed formation of the county service area, the territory proposed to be included in the county service area, the proposed services and facilities that the county service area will provide, and the proposed methods of financing those services and facilities.

(c) The clerk of the board of supervisors shall file a certified copy of the resolution of application with the executive officer of the local agency formation commission.

25211.4. (a) Once the proponents have filed a sufficient petition or a board of supervisors has filed a resolution of application, the local agency formation commission shall proceed pursuant to Part 3 (commencing with Section 56650) of Division 3 of Title 5.

(b) (1) Notwithstanding any other provision of law, a local agency formation commission shall not approve a proposal that

includes the formation of a county service area unless the commission determines that the proposed county service area will have sufficient revenues to carry out its purposes.

(2) Notwithstanding paragraph (1), a local agency formation commission may approve a proposal that includes the formation of a county service area where the commission has determined that the proposed county service area will not have sufficient revenues provided that the commission conditions its approval on the concurrent approval of special taxes, benefit assessments, or property-related fees or charges that will generate those sufficient revenues. In approving the proposal, the commission shall provide that if the voters or property owners do not approve the special taxes, benefit assessments, or property-related fees or charges, the proposed county service area shall not be formed.

(c) (1) Notwithstanding any other provision of law, a local agency formation commission shall not approve a proposal that includes the formation of a county service area that would include territory within a city unless, before the close of the commission's hearing, the city council has filed and not withdrawn a resolution that consents to the inclusion of that incorporated territory.

(2) Notwithstanding paragraph (1), a local agency formation commission may approve a proposal that includes the formation of a county service area that proposes to include territory within a city if the city council has not consented to the inclusion of that incorporated territory provided that the commission modifies the boundaries of the proposed county service area to exclude that incorporated territory.

(d) Notwithstanding any other provision of law, a local agency formation commission shall not approve a proposal that includes the formation of a county service area if, before the close of the commission's hearing, the board of supervisors has filed and not withdrawn a resolution that objects to the formation of that county service area.

(e) If the local agency formation commission approves the proposal for the formation of a county service area, then the commission shall proceed pursuant to Part 4 (commencing with Section 57000) of Division 3 of Title 5.

(f) The local agency formation commission shall take one of the following actions:

(1) If a majority protest exists in accordance with Section 57078, the commission shall terminate proceedings.

(2) If no majority protest exists, the commission shall do one of the following:

(A) Order the formation without an election where all of the following apply:

(i) The territory within the proposed county service area is not inhabited territory.

(ii) All of the owners of land within the proposed county service area have given their written consent to the formation of the proposed county service area.

(iii) No special tax, benefit assessment, or property-related fee or charge is needed.

(B) Order the formation subject to the approval by the voters or landowners pursuant to Section 25211.5, in the case where no special tax, benefit assessment, or property-related fee or charge is needed.

(C) Order the formation subject to the approval by the voters of a special tax, the approval by the property owners of a benefit assessment, or the approval of property-related fees or charges, as required by law.

(g) If the local agency formation commission orders the formation of a county service area pursuant to paragraph (2) of subdivision (f), the commission shall direct the board of supervisors to direct county officials to conduct the necessary election.

25211.5. (a) If the local agency formation commission orders the formation of a county service area subject to the approval by the voters pursuant to Section 25211.4 and if the proposed county service area contains no voters, the vote shall be by the owners of land within the proposed county service area.

(b) Each landowner shall have one vote for each acre or portion of an acre of land that the landowner owns within the proposed county service area. The number of votes to be voted by a particular landowner shall be specified on the ballot provided to that landowner.

Article 3. General Powers

25212. The board shall have and may exercise all rights and powers, expressed and implied, necessary to carry out the purposes

and intent of this chapter, including, but not limited to, the following powers:

(a) To adopt and enforce rules and regulations for the administration, operation, use, and maintenance of the facilities and services authorized by Article 4 (commencing with Section 25213).

(b) To acquire any real or personal property within or outside the county service area, by contract or otherwise; to hold, manage, occupy, dispose of, convey, and encumber that property; and to create a leasehold interest in that property for the benefit of the county service area.

(c) To acquire by eminent domain, pursuant to the Eminent Domain Law (Title 7 (commencing with Section 1230.010) of the Code of Civil Procedure), any real or personal property within or outside the county service area.

(d) To employ persons to provide, or contract with the county for, necessary staff and support services required by a county service area.

(e) To contract for professional services.

(f) To enter into and perform all contracts, including, but not limited to, contracts pursuant to either Article 3.5 (commencing with Section 20120) or Article 3.6 (commencing with Section 20150) of Chapter 1 of Part 3 of Division 2 of the Public Contract Code, as the case may be.

(g) To enter joint powers agreements pursuant to the Joint Exercise of Powers Act (Chapter 5 (commencing with Section 6500) of Division 7 of Title 1).

(h) To take any and all actions necessary for, or incidental to, the powers expressed or implied by this chapter.

25212.1. (a) The board shall act only by ordinance, resolution, or motion.

(b) The minutes of the board shall record the aye and nay votes taken by the members of the board for the passage of all ordinances, resolutions, or motions.

(c) The board shall keep a record of all of its actions, including financial transactions.

(d) The board shall retain and may destroy the records of a county service area pursuant to Chapter 13 (commencing with Section 26200).

(e) The board may, by resolution, change the number or the name of a county service area. The resolution shall comply with the requirements of Chapter 23 (commencing with Section 7530) of Division 7 of Title 1. Notwithstanding Section 7530, every county service area shall have the words “county service area” within its name. Within 10 days of its adoption, the clerk of the board of supervisors shall file a copy of the resolution with the Secretary of State, the county clerk, and the local agency formation commission.

25212.2. (a) When acquiring, improving, or using any real property, the board shall comply with Article 5 (commencing with Section 53090) of Chapter 1 of Part 1 of Division 2 of Title 5. A county service area shall be deemed to be a “local agency” for the purposes of that article, except that the board shall not render any ordinance inapplicable pursuant to Section 53096.

(b) When acquiring, improving, or using any real property, the board shall comply with Article 7 (commencing with Section 65400) of Chapter 1 of Division 1 of Title 7. A county service area shall be deemed to be a “local agency” and a “special district” for the purposes of that article, except that the board shall not overrule any decision pursuant to either Section 65402 or 65403.

(c) When disposing of surplus land, the board shall comply with Article 7 (commencing with Section 54220) of Chapter 5 of Part 1 of Division 2 of Title 5. A county service area shall be deemed to be a “local agency” for the purposes of that article.

25212.3. (a) The board may contract with any local agency, state department or agency, federal department or agency, or any tribal government for the provision of any facilities, services, or programs authorized by this chapter within the county service area.

(b) Subject to Section 56133, a county service area may provide facilities and services authorized by this chapter outside its boundaries.

25212.4. (a) The board may appoint one or more advisory committees to give advice to the board of supervisors regarding a county service area’s services and facilities.

(b) The board may provide for the appointment, qualifications, terms, procedures, meetings, and ethical conduct of the members of an advisory committee. Any comments by an advisory committee are wholly advisory and it is not the responsibility or

within the authority of an advisory committee to make decisions, manage, or direct the delivery of services and facilities.

Article 4. Services and Facilities

25213. A county service area may provide any governmental services and facilities within the county service area that the county is authorized to perform and that the county does not perform to the same extent on a countywide basis, including, but not limited to, services and facilities for any of the following:

- (a) Law enforcement and police protection.
- (b) Fire protection, fire suppression, vegetation management, search and rescue, hazardous material emergency response, and ambulances.
- (c) Recreation, including, but not limited to, parks, parkways, and open space.
- (d) Libraries.
- (e) Television translator stations and low-power television services.
- (f) Supplying water for any beneficial uses.
- (g) The collection, treatment, or disposal of sewage, wastewater, recycled water, and stormwater.
- (h) The surveillance, prevention, abatement, and control of pests, vectors, and vectorborne diseases.
- (i) The acquisition, construction, improvement, and maintenance, including, but not limited to, street sweeping and snow removal, of public streets, roads, bridges, highways, rights-of-way, easements, and any incidental works.
- (j) The acquisition, construction, improvement, maintenance, and operation of street lighting and landscaping on public property, rights-of-way, and easements.
- (k) The collection, transfer, handling, and disposal of solid waste, including, but not limited to, source reduction, recycling, and composting.
- (l) Funding for land use planning within the county service area by a planning agency established pursuant to Article 1 (commencing with Section 65100) of Chapter 3 of Title 7, including, but not limited to, an area planning commission.
- (m) Soil conservation.
- (n) Animal control.

(o) Funding for the services of a municipal advisory council established pursuant to Section 31010.

(p) Transportation.

(q) Geologic hazard abatement on public or private property or structures where the board of supervisors determines that it is in the public interest to abate geologic hazards.

(r) Cemeteries.

(s) The conversion of existing overhead electrical and communications facilities, with the consent of the public agency or public utility that owns the facilities, to underground locations pursuant to Chapter 28 (commencing with Section 5896.1) of Part 3 of Division 7 of the Streets and Highways Code.

(t) Emergency medical services.

(u) Airports.

(v) Flood control and drainage.

(w) The acquisition, construction, improvement, maintenance, and operation of community facilities, including, but not limited to, cultural facilities, child care centers, community centers, libraries, museums, and theaters.

(x) Open-space and habitat conservation, including, but not limited to, the acquisition, preservation, maintenance, and operation of land to protect unique, sensitive, threatened, or endangered species, or historical or culturally significant properties. Any setback or buffer requirements to protect open-space or habitat lands shall be owned by a public agency and maintained by the county service area so as not to infringe on the customary husbandry practices of any neighboring commercially productive agricultural, timber, or livestock operations.

(y) The abatement of graffiti.

(z) The abatement of weeds and rubbish.

25213.1. In the County of Lassen, a county service area may be formed to purchase electrical energy generated within the boundaries of the county, and the board may enter into contracts for the sale of that energy at wholesale rates to any public agency or public utility engaged in the sale or use of electrical energy.

25213.2. (a) In the County of Napa, a county service area may be formed for the sole purpose of acquiring, constructing, leasing, or maintaining, or any combination thereof, farmworker housing. Notwithstanding any other provision of this article, only a county

service area formed under this section in the County of Napa may exercise this specific authority.

(b) The Board of Supervisors of the County of Napa may, following the procedures of Article 4.6 (commencing with Section 53750) of Chapter 4 of Part 1 of Division 2 of Title 5, levy an annual assessment not to exceed ten dollars (\$10) per planted vineyard acre for the purposes of the county service area formed under this section. An annual assessment levied pursuant to this section may remain in effect for a period not exceeding five years. However, an annual assessment levied pursuant to this section may be reauthorized for additional five-year periods pursuant to Article 4.6.

(c) No assessment shall be imposed on any parcel that exceeds the reasonable cost of the proportional special benefit conferred on that parcel.

(d) The board may allocate the proceeds of the annual assessment, as it deems appropriate, for any or all of the following purposes:

- (1) Acquiring farmworker housing.
- (2) Building farmworker housing.
- (3) Leasing farmworker housing.
- (4) Providing maintenance or operations for farmworker housing owned or leased by the Napa Valley Housing Authority or another public agency whose principal purpose is to develop or facilitate the development of farmworker housing in the County of Napa.

(e) The board shall appoint an advisory committee that includes, but is not limited to, farmworkers and planted vineyard land owners or agents to advise and counsel the board on the allocation of the proceeds of the annual assessment.

(f) In ascertaining parcels to be included in this county service area, the board shall use data gathered by the Napa County Flood Control and Water Conservation District.

(g) Vineyard property owners who present proof to the board that they are providing housing for their own workers shall be exempt from the assessment. The board and the advisory committee shall audit the programs receiving the proceeds of the allocation every two years and make recommendations for changes.

25213.3. In the County of Orange, a county service area that is the successor to a dissolved harbor improvement district may exercise the powers of a harbor improvement district pursuant to

Part 2 (commencing with Section 5800) of Division 8 of the Harbors and Navigation Code.

25213.4. (a) In the County of San Bernardino, a county service area in whose territory all or any portion of the redevelopment project area referenced in subdivision (e) of Section 33492.41 of the Health and Safety Code is located may locate, construct, and maintain facilities and infrastructure for sewer and water pipelines or other facilities for sewer transmission and water supply or distribution systems along and across any street or public highway and on any lands that are now or hereafter owned by the state, for the purpose of providing facilities or services related to development, as defined in subdivision (e) of Section 56426, to, or in that portion of, the redevelopment project area that, as of January 1, 2000, meets all of the following requirements:

- (1) Is unincorporated territory.
- (2) Contains at least 100 acres.
- (3) Is surrounded or substantially surrounded by incorporated territory.
- (4) Contains at least 100 acres zoned for commercial or industrial uses or is designated on the applicable county general plan for commercial or industrial uses.

(b) The facilities or services related to development may be provided by the county service area to all or any portion of the area defined in paragraphs (1) to (4), inclusive, of subdivision (a). Notwithstanding any other provision of this code, building ordinances, zoning ordinances, and any other local ordinances, rules, and regulations of a city or other political subdivision of the state shall not apply to the location, construction, or maintenance of facilities or services related to development pursuant to this section.

25213.5. (a) If the board desires to exercise a latent power, the board shall first receive the approval of the local agency formation commission, pursuant to Article 1 (commencing with Section 56824.10) of Chapter 5 of Part 3 of Division 3.

(b) Notwithstanding subdivision (a) of Section 56824.14, the local agency formation commission shall not, after a public hearing called and held for the purpose pursuant to subdivisions (b) and (c) of Section 56824.14, approve a county service area's proposal to exercise a latent power if the local agency formation commission determines that another local agency already provides substantially

similar services or facilities to the territory where the county service area proposes to exercise that latent power.

(c) After receiving the approval of the local agency formation commission, the county service area may exercise that latent power. Within 30 days of the adoption of that resolution, the clerk of the board shall mail a copy of the resolution to the local area formation commission.

25213.6. (a) If a board desires to divest a county service area of the authority to provide a service or facility, the board shall adopt a resolution of intention. The resolution of intention shall:

- (1) State the number or name of the county service area.
- (2) Generally describe the territory within the county service area.
- (3) Specify the services and facilities that the board proposes to terminate.

(4) Identify the public agency, if any, that would be required to provide a new or higher level of services and facilities if the board divests the power to provide those services and facilities.

(5) Fix the date, time, and place for a hearing on the question of divesting the power to provide those services and facilities. The hearing date shall be not less than 30 days nor more than 60 days from the adoption of the resolution of intention.

(b) The clerk of the board of supervisors shall publish notice of the hearing pursuant to Section 6061. The clerk of the board shall also mail the notice of the hearing at least 15 days before the hearing to the local agency formation commission and to any public agency that would be required to provide a new or higher level of services and facilities.

(c) At the hearing, the board shall consider all written and oral testimony. At the conclusion of the hearing, the board shall take one of the following actions:

- (1) Adopt a resolution to abandon the proceedings.
- (2) If the proposed divestiture would not require another public agency other than the county to provide a new or higher level of services or facilities, the board may adopt a resolution that divests the county service area of the power to provide those services or facilities.

(3) If the proposed divestiture would require another public agency to provide a new or higher level of services or facilities, the board shall first seek the approval of the local agency formation

commission. To the extent feasible, the local agency formation commission shall proceed pursuant to Article 1.5 (commencing with Section 56824.10) of Chapter 5 of Part 3 of Division 3. After receiving the approval of the local agency formation commission, the board may adopt a resolution that divests the county service area of the power to provide those services or facilities.

(d) If the board adopts a resolution that divests a county service area of the power to provide a service or facility, the clerk of the board of supervisors shall mail a copy of that resolution to the local agency formation commission within 30 days of the date of adoption of the resolution.

Article 5. Finance

25214. (a) The board shall adopt an annual budget pursuant to Chapter 1 (commencing with Section 29000) of Division 3.

(b) A county service area shall be deemed to be a “special district whose affairs and finances are under the supervision and control of the board” within the meaning of Section 29002.

(c) The board shall provide for regular audits of the county service area’s accounts and records pursuant to Section 26909.

(d) The board shall provide for the annual financial reports to the Controller pursuant to Article 9 (commencing with Section 53890) of Chapter 4 of Part 1 of Division 2 of Title 5.

25214.1. (a) On or before July 1 of each year, the board shall adopt a resolution establishing the appropriations limit, if any, for each county service area and make other necessary determinations for the following fiscal year pursuant to Article XIII B of the California Constitution and Division 9 (commencing with Section 7900) of Title 1.

(b) Notwithstanding any other provision of this section or Division 9 (commencing with Section 7900) of Title 1, a board of supervisors may include the proceeds of taxes for all county service areas within the county’s own appropriations limit.

(c) Pursuant to subdivision (c) of Section 9 of Article XIII B of the California Constitution, this section shall not apply to any of the following:

(1) A county service area which existed on January 1, 1978, and which did not as of the 1977–78 fiscal year levy an ad valorem

tax on property in excess of twelve and one-half cents (\$0.125) per one hundred dollars (\$100) of assessed value.

(2) A county service area which existed on January 1, 1978, or was thereafter created by a vote of the people, and which is totally funded by other than the proceeds of taxes.

(d) This section shall not apply to any county service area that has previously transferred services and all of the property tax revenue allocation associated with those services to another local agency.

25214.2. (a) The board may accept any revenue, money, grants, goods, or services from any federal, state, regional, or local agency or from any person for any lawful purpose of the county service area.

(b) In addition to any other existing authority, the board may borrow money and incur indebtedness pursuant to Article 7 (commencing with Section 53820), Article 7.5 (commencing with Section 53840), Article 7.6 (commencing with Section 53850), and Article 7.7 (commencing with Section 53859) of Chapter 4 of Part 1 of Division 2 of Title 5.

25214.3. The board of supervisors may authorize expenditures from the county's general fund on behalf of a county service area and shall repay the county general fund from the funds of the county service area in the same fiscal year.

25214.4. (a) The board of supervisors may loan any available funds of the county to a county service area to pay for any lawful expenses of the county service area. The loan shall be repaid within the same fiscal year in which the board of supervisors loaned the funds at a rate of interest, if any, that the board of supervisors shall determine, provided that the interest rate shall not exceed the rate of interest that the county earns on its temporarily idle funds.

(b) Notwithstanding subdivision (a), the board of supervisors may extend, by a four-fifths vote, the repayment of a loan for a period that does not exceed three years from the end of the fiscal year in which the loan was made.

(c) Notwithstanding subdivision (a), if the board of supervisors finds that the repayment of the loan may result in an economic or fiscal hardship to the property owners or residents of the county service area, the board of supervisors may, by a four-fifths vote, waive the repayment in whole or in part.

25214.5. (a) The board of supervisors may appropriate up to two million dollars (\$2,000,000) from any available funds of the county to a revolving fund to be used by county service areas for the acquisition or improvement of real or personal property, environmental studies, fiscal analyses, engineering services, supplies, or any other lawful expenses. The revolving fund shall be reimbursed within 10 years from the date of the disbursement at a rate of interest, if any, that the board of supervisors shall determine, provided that the interest rate shall not exceed the rate of interest that the county earns on its temporarily idle funds.

(b) Notwithstanding subdivision (a), if the board of supervisors finds that the reimbursement of the revolving fund may result in an economic or fiscal hardship to the property owners or residents of the county service area, the board of supervisors may, by a four-fifths vote, waive the reimbursement in whole or in part.

Article 6. Revenues

25215. Whenever the board determines that the amount of revenue available to a county service area or any of its zones is inadequate to meet the costs of operating and maintaining the services and facilities that the county service area provides, the board may raise revenues pursuant to this article or any other provision of law.

25215.1. The auditor shall allocate to each county service area its share of property tax revenue, if any, pursuant to Chapter 6 (commencing with Section 95) of Part 0.5 of Division 1 of the Revenue and Taxation Code.

25215.2. The board may levy special taxes pursuant to Article 3.5 (commencing with Section 50075) of Chapter 1 of Part 1 of Division 1 of Title 5. The special taxes shall be applied uniformly to all taxpayers or all real property within the county service area, except that unimproved property may be taxed at a lower rate than improved property.

25215.3. The board may levy benefit assessments for operations and maintenance consistent with the requirements of Article XIII D of the California Constitution, including, but not limited to, benefit assessments levied pursuant to any of the following:

(a) The Improvement Act of 1911 (Division 7 (commencing with Section 5000) of the Streets and Highways Code).

(b) The Improvement Bond Act of 1915 (Division 10 (commencing with Section 8500) of the Streets and Highways Code).

(c) The Municipal Improvement Act of 1913 (Division 12 (commencing with Section 10000) of the Streets and Highways Code).

(d) The Landscaping and Lighting Assessment Act of 1972 (Part 2 (commencing with Section 22500) of Division 15 of the Streets and Highways Code, notwithstanding Section 22501 of the Streets and Highways Code).

(e) Any other statutory authorization enacted on or after January 1, 2009.

25215.4. The board may, by resolution or ordinance, do any of the following:

(a) Establish user fees, rates, or other charges, provided that they are not property-related fees and charges, for the services and facilities that are not property related that the county service area provides.

(b) Provide for the collection and enforcement of those user fees, rates, and other charges in the same manner that the county collects and enforces user fees, rates, and charges for the services and facilities that the county provides.

25215.5. The board may, by resolution or ordinance, do any of the following:

(a) Impose property-related fees and charges for the property-related services that the county service area provides, subject to the requirements of Article XIII D of the California Constitution. If new, increased, or extended property-related fees and charges are proposed, the board shall comply with Section 53755.

(b) Provide for the collection and enforcement of those property-related fees and charges in the same manner that the county collects and enforces property-related fees and charges for the property-related services that the county provides, including, but not limited to, Article 4 (commencing with Section 5470) of Chapter 6 of Part 3 of Division 5 of the Health and Safety Code.

25215.6. (a) The board may charge standby charges for water, sewer, or water and sewer services pursuant to the Uniform Standby Charge Procedures Act (Chapter 12.4 (commencing with Section 54984) of Part 1 of Division 2 of Title 5).

(b) If the procedures set forth in the former Section 25210.77b as it read at the time a standby charge was established were followed, the board may, by resolution, continue to collect the charge in successive years at the same rate from the parcels within the county service area to which water or sewers are made available for any purpose by the county service area, whether the water or sewers are actually used or not. If new, increased, or extended assessments are proposed, the board shall comply with the notice, protest, and hearing procedures in Section 53753.

25215.7. Whenever a person installs any facilities including, but not limited to, facilities for sewer or water service, and the board determines that it is necessary that those facilities be constructed so that they can be used for the benefit of property within a county service area other than the property of the person installing the facilities, and the facilities are dedicated to the public or become the property of the county or the county service area, the board may by contract agree to reimburse that person for the cost of the installation of those facilities. This contract may provide that the board may collect a reasonable fee or charge from any person using those facilities for the benefit of property not owned by the person who installed the facilities.

Article 7. Capital Financing

25216. Whenever the board determines that the amount of revenue available to a county service area is inadequate to acquire, construct, improve, rehabilitate, or replace the facilities authorized by this chapter, or to fund or to refund any outstanding indebtedness, the board may incur debt and raise revenues pursuant to this article or any other provision of law.

25216.1. (a) Whenever the board determines that it is necessary for a county service area to incur a general obligation bond indebtedness for the acquisition or improvement of real property, the board may proceed pursuant to Chapter 6 (commencing with Section 29900) of Division 3.

(b) The total amount of bonded indebtedness incurred pursuant to this section shall not at any time exceed 5 percent of the taxable property within the county service area as shown by the last equalized assessment roll.

25216.2. The board of supervisors may finance any enterprise and issue revenue bonds pursuant to the Revenue Bond Law of 1941 (Chapter 6 (commencing with Section 54300) of Part 1 of Division 2 of Title 5), and a county service area shall be deemed a “local agency” for the purposes of that chapter.

25216.3. The board may levy benefit assessments to finance facilities consistent with the requirements of Article XIII D of the California Constitution including, but not limited to, benefit assessments levied pursuant to any of the following:

(a) The Improvement Act of 1911 (Division 7 (commencing with Section 5000) of the Streets and Highways Code).

(b) The Improvement Bond Act of 1915 (Division 10 (commencing with Section 8500) of the Streets and Highways Code).

(c) The Municipal Improvement Act of 1913 (Division 12 (commencing with Section 10000) of the Streets and Highways Code).

(d) The Landscaping and Lighting Assessment Act of 1972 (Part 2 (commencing with Section 22500) of Division 15 of the Streets and Highways Code), notwithstanding Section 22501 of the Streets and Highways Code.

(e) Any other statutory authorization enacted on or after January 1, 2009.

Article 8. Zones

25217. (a) Whenever the board determines that it is in the public interest to provide different authorized services, provide different levels of service, provide different authorized facilities, or raise additional revenues within specific areas of a county service area, it may form one or more zones pursuant to this article.

(b) The board shall initiate proceedings for the formation of a new zone by adopting a resolution that does all of the following:

(1) States that the proposal is made pursuant to this article.

(2) Sets forth a description of the boundaries of the territory to be included in the zone.

(3) States the reasons for forming the zone.

(4) States the different authorized services, different levels of service, different authorized facilities, or additional revenues that the zone will provide.

(5) Sets forth the methods by which those authorized services, levels of service, or authorized facilities will be financed.

(6) Proposes a name or number for the zone.

(c) A proposal to form a new zone may also be initiated by a petition signed by not less than 10 percent of the registered voters residing within the proposed zone. The petition shall contain all of the matters required by subdivision (b).

(d) Upon the adoption of a resolution or the receipt of a valid petition, the board shall fix the date, time, and place for the public hearing on the formation of the zone. The clerk of the board of supervisors shall:

(1) Publish notice of the public hearing, including the information required by subdivision (b), pursuant to Section 6061.

(2) Mail the notice at least 20 days before the date of the hearing to all owners of property within the proposed zone.

(3) Mail the notice at least 20 days before the date of the hearing to each city and special district that contains, or whose sphere of influence contains, the proposed zone.

(4) Post the notice in at least three public places within the territory of the proposed zone.

25217.1. (a) At the public hearing, the board shall hear and consider any protests to the formation of the zone.

(b) (1) In the case of inhabited territory, if at the conclusion of the public hearing, the board determines that more than 50 percent of the total number of voters residing within the proposed zone have filed written objections to the formation, then the board shall determine that a majority protest exists and terminate the proceedings.

(2) In the case of uninhabited territory, if at the conclusion of the public hearing, the board determines that more than 50 percent of the property owners who own more than 50 percent of the assessed value of all taxable property in the proposed zone have filed written objections to the formation, then the board shall determine that a majority protest exists and terminate the proceedings.

(c) If, pursuant to subdivision (b), the board determines that a majority protest does not exist, then the board may proceed to form the zone.

(d) If the resolution or petition proposes that the zone use special taxes, benefit assessments, fees, standby charges, or bonds to

finance its purposes, the board shall proceed according to law. If the voters or property owners do not approve those funding methods, the zone shall not be formed.

25217.2. The board may change the boundaries of a zone or dissolve a zone by following the procedures in Sections 25217 and 25217.1, as appropriate.

25217.3. A local agency formation commission shall have no power or duty to review and approve or disapprove a proposal to form a zone, a proposal to change the boundaries of a zone, or a proposal to dissolve a zone.

25217.4. (a) The board may provide any authorized service, any level of service, or any authorized facility within a zone that the board may provide in the county service area as a whole.

(b) As determined by the board and pursuant to the requirements of this chapter, the board may exercise any fiscal powers within a zone that the board may exercise in the county service area as a whole.

(c) Any special taxes, benefit assessments, fees, rates, charges, standby charges, or bonds which are intended solely for the support of services or facilities within a zone, shall be levied, assessed, and charged within the boundaries of the zone.

(d) The board shall not incur a general obligation bonded indebtedness for a zone pursuant to this section that exceeds 5 percent of the assessed value of the taxable property in the zone as shown by the last equalized assessment roll.

SEC. 3. Chapter 2.2 (commencing with Section 25210.1) of Part 2 of Division 2 of Title 3 of the Government Code is repealed.

SEC. 4. Section 25643 of the Government Code is amended to read:

25643. The board of supervisors of a county shall determine each year such sum of money as the board of supervisors deems necessary for fire protection services within the county, excluding therefrom any city or district which is at such time providing fire protection services within such city or district. Except for the costs of forest, range, and watershed fire protection within state responsibility areas as defined in Part 2 (commencing with Section 4101) of Division 4 of the Public Resources Code, for which the county is not reimbursed by the state, the taxes for the costs of county fire protection services shall be levied only on property within the county served by and benefiting from county fire

protection services, or such costs shall be paid from other nonproperty tax revenues collected within the unincorporated area of the county.

Every city or district which provides its own fire protection services, and which prior to March 1 of any year files with the board of supervisors of the county a resolution declaring that such city or district is providing fire protection services within its jurisdiction, shall not be assessed during the following fiscal year and any year thereafter for any portion of the costs of county fire protection services, except for the costs of forest, range, and watershed fire protection within state responsibility areas as defined in Part 2 (commencing with Section 4101) of Division 4 of the Public Resources Code, for which the county is not reimbursed by the state.

All property located within a county service area receiving structural fire protection services under Chapter 2.5 (commencing with Section 25210) of this part shall be exempt from any county tax imposed on property generally to finance structural fire protection, commencing with the 1972–73 fiscal year.

This section shall not apply to a county with a population of more than 1,000,000 but less than 6,000,000 according to the 1960 federal census.

SEC. 5. Section 50078.1 of the Government Code is amended to read:

50078.1. As used in this article, the following terms have the following meanings:

(a) “Legislative body” means the board of directors, trustees, governors, or any other governing body of a local agency specified in subdivision (b).

(b) “Local agency” means any city, county, or city and county, whether general law or chartered, or special district, including a county service area created pursuant to the County Service Area Law (Chapter 2.5 (commencing with Section 25210) of Part 2 of Division 2 of Title 3).

(c) “Fire suppression” includes firefighting and fire prevention including, but not limited to, vegetation removal or management undertaken, in whole or in part, for the reduction of a fire hazard.

SEC. 6. Section 54251 of the Government Code is amended to read:

54251. (a) A local agency may, pursuant to this article, authorize, grant, or enter into one or more exclusive or nonexclusive franchise, license, or service agreements with a privatizer for the design, ownership, financing, construction, maintenance, or operation of a privatization project.

(b) A local agency may enact any measures necessary and convenient to carry out this article.

(c) Pursuant to Section 25215.6, within a county service area, a county board of supervisors may charge a standby charge for sewer service for a privatization project pursuant to this article. If the procedures set forth in this section as it read at the time a standby charge was established were followed, the county may, by resolution, continue the charge pursuant to this section in successive years at the same rate. If new, increased, or extended assessments are proposed, the county shall comply with the notice, protest, and hearing procedures in Section 53753.

SEC. 7. Section 56036 of the Government Code is amended to read:

56036. (a) “District” or “special district” means an agency of the state, formed pursuant to general law or special act, for the local performance of governmental or proprietary functions within limited boundaries. “District” or “special district” includes a county service area, but excludes all of the following:

- (1) The state.
- (2) A county.
- (3) A city.
- (4) A school district or a community college district.
- (5) A special assessment district.
- (6) An improvement district.
- (7) A community facilities district formed pursuant to the Mello-Roos Community Facilities Act of 1982 (Chapter 2.5 (commencing with Section 53311) of Part 1 of Division 2 of Title 5).
- (8) A permanent road division formed pursuant to Article 3 (commencing with Section 1160) of Chapter 4 of Division 2 of the Streets and Highways Code.
- (9) An air pollution control district or an air quality maintenance district.
- (10) A zone of any special district including, but not limited to, the following:

- (A) A fire protection district.
- (B) A mosquito abatement and vector control district.
- (C) A public cemetery district.
- (D) A recreation and park district.
- (E) A community services district.
- (F) A county service area.

(b) Except as otherwise provided in paragraph (1), each of the entities listed in paragraph (1) is a “district” or a “special district” for the purposes of this division.

(1) For the purposes of Chapter 1 (commencing with Section 57000) to Chapter 7 (commencing with Section 57176), inclusive, of Part 4 or Part 5 (commencing with Section 57300), none of the following entities is a “district” or a “special district”:

- (A) A unified or union high school library district.
- (B) A bridge and highway district.
- (C) A joint highway district.
- (D) A transit or rapid transit district.
- (E) A metropolitan water district.
- (F) A separation of grade district.

(2) Any proceedings pursuant to Part 4 (commencing with Section 57000) for a change of organization involving an entity described in paragraph (1) shall be conducted pursuant to the principal act authorizing the establishment of that entity.

(c) Except as otherwise provided in paragraph (1), each of the entities listed in paragraph (1) is a “district” or “special district” for purposes of this division.

(1) For the purposes of Chapter 1 (commencing with Section 57000) to Chapter 7 (commencing with Section 57176), inclusive, of Part 4 or Part 5 (commencing with Section 57300), none of the following entities is a “district” or “special district” if the commission of the principal county determines, in accordance with Sections 56127 and 56128, that the entity is not a “district” or “special district”:

- (A) A flood control district.
- (B) A flood control and floodwater conservation district.
- (C) A flood control and water conservation district.
- (D) A conservation district.
- (E) A water conservation district.
- (F) A water replenishment district.
- (G) The Orange County Water District.

- (H) A California water storage district.
- (I) A water agency.
- (J) A county water authority or a water authority.

(2) If the commission determines that an entity described in paragraph (1) is not a “district” or “special district,” any proceedings pursuant to Part 4 (commencing with Section 57000) for a change of organization involving the entity shall be conducted pursuant to the principal act authorizing the establishment of that entity.

SEC. 8. Section 56375 of the Government Code is amended to read:

56375. The commission shall have all of the following powers and duties subject to any limitations upon its jurisdiction set forth in this part:

(a) To review and approve or disapprove with or without amendment, wholly, partially, or conditionally, proposals for changes of organization or reorganization, consistent with written policies, procedures, and guidelines adopted by the commission. A commission shall have the authority to initiate only a (1) consolidation of districts, as defined in Section 56036, (2) dissolution, (3) merger, (4) establishment of a subsidiary district, (5) formation of a new district or districts, or (6) reorganization that includes any of these changes of organization, if that change of organization or reorganization is consistent with a recommendation or conclusion of a study prepared pursuant to Section 56378, 56425, or 56430 and the commission makes the determinations specified in subdivision (b) of Section 56881. However, a commission shall not have the power to disapprove an annexation to a city, initiated by resolution, of contiguous territory that the commission finds is any of the following:

(1) Surrounded or substantially surrounded by the city to which the annexation is proposed or by that city and a county boundary or the Pacific Ocean if the territory to be annexed is substantially developed or developing, is not prime agricultural land as defined in Section 56064, is designated for urban growth by the general plan of the annexing city, and is not within the sphere of influence of another city.

(2) Located within an urban service area that has been delineated and adopted by a commission, which is not prime agricultural land,

as defined by Section 56064, and is designated for urban growth by the general plan of the annexing city.

(3) An annexation or reorganization of unincorporated islands meeting the requirements of Section 56375.3.

As a condition to the annexation of an area that is surrounded, or substantially surrounded, by the city to which the annexation is proposed, the commission may require, where consistent with the purposes of this division, that the annexation include the entire island of surrounded, or substantially surrounded, territory.

A commission shall not impose any conditions that would directly regulate land use density or intensity, property development, or subdivision requirements. When the development purposes are not made known to the annexing city, the annexation shall be reviewed on the basis of the adopted plans and policies of the annexing city or county. A commission shall require, as a condition to annexation, that a city prezone the territory to be annexed or present evidence satisfactory to the commission that the existing development entitlements on the territory are vested or are already at build-out, and are consistent with the city's general plan. However, the commission shall not specify how, or in what manner, the territory shall be zoned. The decision of the commission with regard to a proposal to annex territory to a city shall be based upon the general plan and zoning of the city.

(b) With regard to a proposal for annexation or detachment of territory to, or from, a city or district or with regard to a proposal for reorganization that includes annexation or detachment, to determine whether territory proposed for annexation or detachment, as described in its resolution approving the annexation, detachment, or reorganization, is inhabited or uninhabited.

(c) With regard to a proposal for consolidation of two or more cities or districts, to determine which city or district shall be the consolidated successor city or district.

(d) To approve the annexation of unincorporated, noncontiguous territory, subject to the limitations of Section 56742, located in the same county as that in which the city is located, and that is owned by a city and used for municipal purposes and to authorize the annexation of the territory without notice and hearing.

(e) To approve the annexation of unincorporated territory consistent with the planned and probable use of the property based upon the review of general plan and zoning designations. No

subsequent change may be made to the general plan for the annexed territory or zoning that is not in conformance to the rezoning designations for a period of two years after the completion of the annexation, unless the legislative body for the city makes a finding at a public hearing that a substantial change has occurred in circumstances that necessitate a departure from the rezoning in the application to the commission.

(f) With respect to the incorporation of a new city or the formation of a new special district, to determine the number of registered voters residing within the proposed city or special district or, for a landowner-voter special district, the number of owners of land and the assessed value of their land within the territory proposed to be included in the new special district. The number of registered voters shall be calculated as of the time of the last report of voter registration by the county elections official to the Secretary of State prior to the date the first signature was affixed to the petition. The executive officer shall notify the petitioners of the number of registered voters resulting from this calculation. The assessed value of the land within the territory proposed to be included in a new landowner-voter special district shall be calculated as shown on the last equalized assessment roll.

(g) To adopt written procedures for the evaluation of proposals, including written definitions consistent with existing state law. The commission may adopt standards for any of the factors enumerated in Section 56668. Any standards adopted by the commission shall be written.

(h) To adopt standards and procedures for the evaluation of service plans submitted pursuant to Section 56653 and the initiation of a change of organization or reorganization pursuant to subdivision (a).

(i) To make and enforce regulations for the orderly and fair conduct of hearings by the commission.

(j) To incur usual and necessary expenses for the accomplishment of its functions.

(k) To appoint and assign staff personnel and to employ or contract for professional or consulting services to carry out and effect the functions of the commission.

(l) To review the boundaries of the territory involved in any proposal with respect to the definiteness and certainty of those boundaries, the nonconformance of proposed boundaries with lines

of assessment or ownership, and other similar matters affecting the proposed boundaries.

(m) To waive the restrictions of Section 56744 if it finds that the application of the restrictions would be detrimental to the orderly development of the community and that the area that would be enclosed by the annexation or incorporation is so located that it cannot reasonably be annexed to another city or incorporated as a new city.

(n) To waive the application of Section 22613 of the Streets and Highways Code if it finds the application would deprive an area of a service needed to ensure the health, safety, or welfare of the residents of the area and if it finds that the waiver would not affect the ability of a city to provide any service. However, within 60 days of the inclusion of the territory within the city, the legislative body may adopt a resolution nullifying the waiver.

(o) If the proposal includes the incorporation of a city, as defined in Section 56043, or the formation of a district, as defined in Section 2215 of the Revenue and Taxation Code, the commission shall determine the property tax revenue to be exchanged by the affected local agencies pursuant to Section 56810.

(p) To authorize a city or district to provide new or extended services outside its jurisdictional boundaries pursuant to Section 56133.

(q) To enter into an agreement with the commission for an adjoining county for the purpose of determining procedures for the consideration of proposals that may affect the adjoining county or where the jurisdiction of an affected agency crosses the boundary of the adjoining county.

SEC. 8.5. Section 56375 of the Government Code is amended to read:

56375. The commission shall have all of the following powers and duties subject to any limitations upon its jurisdiction set forth in this part:

(a) (1) To review and approve or disapprove with or without amendment, wholly, partially, or conditionally, proposals for changes of organization or reorganization, consistent with written policies, procedures, and guidelines adopted by the commission.

(2) The commission may initiate proposals for any of the following:

(A) The consolidation of a district, as defined in Section 56036.

- (B) The dissolution of a district.
- (C) A merger.
- (D) The establishment of a subsidiary district.
- (E) The formation of a new district or districts.
- (F) A reorganization that includes any of the changes specified in subparagraph (A), (B), (C), (D), or (E).

(3) A commission may initiate a proposal described in paragraph (2) only if that change of organization or reorganization is consistent with a recommendation or conclusion of a study prepared pursuant to Section 56378, 56425, or 56430, and the commission makes the determinations specified in subdivision (b) of Section 56881.

(4) A commission shall not disapprove an annexation to a city, initiated by resolution, of contiguous territory that the commission finds is any of the following:

(A) Surrounded or substantially surrounded by the city to which the annexation is proposed or by that city and a county boundary or the Pacific Ocean if the territory to be annexed is substantially developed or developing, is not prime agricultural land as defined in Section 56064, is designated for urban growth by the general plan of the annexing city, and is not within the sphere of influence of another city.

(B) Located within an urban service area that has been delineated and adopted by a commission, which is not prime agricultural land, as defined by Section 56064, and is designated for urban growth by the general plan of the annexing city.

(C) An annexation or reorganization of unincorporated islands meeting the requirements of Section 56375.3.

(5) As a condition to the annexation of an area that is surrounded, or substantially surrounded, by the city to which the annexation is proposed, the commission may require, where consistent with the purposes of this division, that the annexation include the entire island of surrounded, or substantially surrounded, territory.

(6) A commission shall not impose any conditions that would directly regulate land use density or intensity, property development, or subdivision requirements.

(7) The decision of the commission with regard to a proposal to annex territory to a city shall be based upon the general plan and rezoning of the city. When the development purposes are not

made known to the annexing city, the annexation shall be reviewed on the basis of the adopted plans and policies of the annexing city or county. A commission shall require, as a condition to annexation, that a city prezone the territory to be annexed or present evidence satisfactory to the commission that the existing development entitlements on the territory are vested or are already at build-out, and are consistent with the city's general plan. However, the commission shall not specify how, or in what manner, the territory shall be zoned.

(b) With regard to a proposal for annexation or detachment of territory to, or from, a city or district or with regard to a proposal for reorganization that includes annexation or detachment, to determine whether territory proposed for annexation or detachment, as described in its resolution approving the annexation, detachment, or reorganization, is inhabited or uninhabited.

(c) With regard to a proposal for consolidation of two or more cities or districts, to determine which city or district shall be the consolidated successor city or district.

(d) To approve the annexation of unincorporated, noncontiguous territory, subject to the limitations of Section 56742, located in the same county as that in which the city is located, and that is owned by a city and used for municipal purposes and to authorize the annexation of the territory without notice and hearing.

(e) To approve the annexation of unincorporated territory consistent with the planned and probable use of the property based upon the review of general plan and zoning designations. No subsequent change may be made to the general plan for the annexed territory or zoning that is not in conformance to the zoning designations for a period of two years after the completion of the annexation, unless the legislative body for the city makes a finding at a public hearing that a substantial change has occurred in circumstances that necessitate a departure from the zoning in the application to the commission.

(f) With respect to the incorporation of a new city or the formation of a new special district, to determine the number of registered voters residing within the proposed city or special district or, for a landowner-voter special district, the number of owners of land and the assessed value of their land within the territory proposed to be included in the new special district. The number of registered voters shall be calculated as of the time of the last

report of voter registration by the county elections official to the Secretary of State prior to the date the first signature was affixed to the petition. The executive officer shall notify the petitioners of the number of registered voters resulting from this calculation. The assessed value of the land within the territory proposed to be included in a new landowner-voter special district shall be calculated as shown on the last equalized assessment roll.

(g) To adopt written procedures for the evaluation of proposals, including written definitions consistent with existing state law. The commission may adopt standards for any of the factors enumerated in Section 56668. Any standards adopted by the commission shall be written.

(h) To adopt standards and procedures for the evaluation of service plans submitted pursuant to Section 56653 and the initiation of a change of organization or reorganization pursuant to subdivision (a).

(i) To make and enforce regulations for the orderly and fair conduct of hearings by the commission.

(j) To incur usual and necessary expenses for the accomplishment of its functions.

(k) To appoint and assign staff personnel and to employ or contract for professional or consulting services to carry out and effect the functions of the commission.

(l) To review the boundaries of the territory involved in any proposal with respect to the definiteness and certainty of those boundaries, the nonconformance of proposed boundaries with lines of assessment or ownership, and other similar matters affecting the proposed boundaries.

(m) To waive the restrictions of Section 56744 if it finds that the application of the restrictions would be detrimental to the orderly development of the community and that the area that would be enclosed by the annexation or incorporation is so located that it cannot reasonably be annexed to another city or incorporated as a new city.

(n) To waive the application of Section 22613 of the Streets and Highways Code if it finds the application would deprive an area of a service needed to ensure the health, safety, or welfare of the residents of the area and if it finds that the waiver would not affect the ability of a city to provide any service. However, within 60

days of the inclusion of the territory within the city, the legislative body may adopt a resolution nullifying the waiver.

(o) If the proposal includes the incorporation of a city, as defined in Section 56043, or the formation of a district, as defined in Section 2215 of the Revenue and Taxation Code, the commission shall determine the property tax revenue to be exchanged by the affected local agencies pursuant to Section 56810.

(p) To authorize a city or district to provide new or extended services outside its jurisdictional boundaries pursuant to Section 56133.

(q) To enter into an agreement with the commission for an adjoining county for the purpose of determining procedures for the consideration of proposals that may affect the adjoining county or where the jurisdiction of an affected agency crosses the boundary of the adjoining county.

SEC. 9. Section 57075 of the Government Code is amended to read:

57075. In the case of registered voter districts or cities, where a change of organization or reorganization consists solely of annexations or detachments, or any combination of those proposals, the commission, not more than 30 days after the conclusion of the hearing, shall make a finding regarding the value of written protests filed and not withdrawn, and take one of the following actions, except as provided in subdivision (b) of Section 57002.

(a) In the case of inhabited territory, take one of the following actions:

(1) Terminate proceedings if a majority protest exists in accordance with Section 57078.

(2) Order the change of organization or reorganization subject to confirmation by the registered voters residing within the affected territory if written protests have been filed and not withdrawn by either of the following:

(A) At least 25 percent, but less than 50 percent, of the registered voters residing in the affected territory.

(B) At least 25 percent of the number of owners of land who also own at least 25 percent of the assessed value of land within the affected territory.

(3) Order the change of organization or reorganization without an election if written protests have been filed and not withdrawn by less than 25 percent of the registered voters or less than 25

percent of the number of owners of land owning less than 25 percent of the assessed value of land within the affected territory.

(b) In the case of uninhabited territory, take either of the following actions:

(1) Terminate proceedings if a majority protest exists in accordance with Section 57078.

(2) Order the change of organization or reorganization if written protests have been filed and not withdrawn by owners of land who own less than 50 percent of the total assessed value of land within the affected territory.

SEC. 9.5. Section 57075 of the Government Code is amended to read:

57075. In the case of registered voter districts or cities, where a change of organization or reorganization consists solely of annexations, detachments, the exercise of new or different functions or class of services or the divestiture of the power to provide particular functions or class of services within all or part of the jurisdictional boundaries of a special district, or any combination of those proposals, the commission, not more than 30 days after the conclusion of the hearing, shall make a finding regarding the value of written protests filed and not withdrawn, and take one of the following actions, except as provided in subdivision (b) of Section 57002:

(a) In the case of inhabited territory, take one of the following actions:

(1) Terminate proceedings if a majority protest exists in accordance with Section 57078.

(2) Order the change of organization or reorganization subject to confirmation by the registered voters residing within the affected territory if written protests have been filed and not withdrawn by either of the following:

(A) At least 25 percent, but less than 50 percent, of the registered voters residing in the affected territory.

(B) At least 25 percent of the number of owners of land who also own at least 25 percent of the assessed value of land within the affected territory.

(3) Order the change of organization or reorganization without an election if written protests have been filed and not withdrawn by less than 25 percent of the registered voters or less than 25

percent of the number of owners of land owning less than 25 percent of the assessed value of land within the affected territory.

(b) In the case of uninhabited territory, take either of the following actions:

(1) Terminate proceedings if a majority protest exists in accordance with Section 57078.

(2) Order the change of organization or reorganization if written protests have been filed and not withdrawn by owners of land who own less than 50 percent of the total assessed value of land within the affected territory.

SEC. 10. Section 5470 of the Health and Safety Code is amended to read:

5470. The following words wherever used in this article shall be construed as defined in this section, unless from the context a different meaning is intended, or unless a different meaning is specifically defined and more particularly directed to the use of such words:

(a) Assessment Roll. “Assessment roll” refers to the assessment roll upon which general taxes of the entity are collected.

(b) Auditor. “Auditor” means the financial officer of the entity.

(c) Clerk. “Clerk” means the official clerk or secretary of the entity.

(d) Chambers. “Chambers” refers to the place where the regular meetings of the legislative body of the entity are held.

(e) Entity. “Entity” means and includes counties, cities and counties, cities, sanitary districts, county sanitation districts, county service areas, sewer maintenance districts, and other public corporations and districts authorized to acquire, construct, maintain and operate sanitary sewers and sewerage systems.

(f) Rates or Charges. “Rates or charges” shall mean fees, tolls, rates, rentals, or other charges for services and facilities furnished by an entity in connection with its sanitation or sewerage systems, including garbage and refuse collection.

(g) Real Estate. “Real estate” includes:

(1) The possession of, claim to, ownership of, or right to possession of land; and

(2) Improvements on land.

(h) Tax Collector. “Tax collector” means the officer who collects general taxes for the entity.

The amendment of this section made by the 1972 Regular Session of the Legislature does not constitute a change in, but is declaratory of, the preexisting law.

SEC. 11. Section 20394.3 of the Public Contract Code is repealed.

SEC. 12. Section 5621 of the Public Resources Code is amended to read:

5621. As used in this chapter:

(a) “City” and “county” both include the City and County of San Francisco; “county” does not include a county service area, or zone therein, within the County of San Bernardino empowered to provide public park and recreation services pursuant to the County Service Area Law (Chapter 2.5 (commencing with Section 25210) of Part 2 of Division 2 of Title 3 of the Government Code).

(b) “Districts” means regional park districts formed under Article 3 (commencing with Section 5500) of Chapter 3; recreation and park districts formed under Chapter 4 (commencing with Section 5780); any public utility district formed under Division 7 (commencing with Section 15501) of the Public Utilities Code in a nonurbanized area that employs a full-time park and recreation director and offers year-round park and recreation services on lands and facilities owned by the district; any community services district formed under Division 3 (commencing with Section 61000) of Title 6 of the Government Code in a nonurbanized area which is authorized to provide public recreation as specified in subdivision (e) of Section 61600 of the Government Code; any memorial district formed under Chapter 1 (commencing with Section 1170) of Division 6 of the Military and Veterans Code that employs a full-time park and recreation director and offers year-round park and recreation services on lands and facilities owned by the district; the Malaga County Water District exercising powers authorized under Section 31133 of the Water Code; and any county service area, or zone therein, within the County of San Bernardino which is empowered to provide public park and recreation services pursuant to the County Service Area Law (Chapter 2.5 (commencing with Section 25210) of Part 2 of Division 2 of Title 3 of the Government Code), which is actually providing public park and recreation services, and which was reorganized prior to January 1, 1987, from a park and recreation district to a county service area or zone.

(c) “Urbanized area” consists of a central city or cities and surrounding closely settled territory, as determined by the Department of Finance on the basis of the most recent verifiable census data. “Urbanized county” means any county with a population of 200,000 or more, as determined by the Department of Finance on the basis of the most recent verifiable census data.

(d) “Heavily urbanized area” means a large city with a population of 300,000 or more and a large county or regional park district with a population of 1,000,000 or more, as determined by the Department of Finance on the basis of the most recent verifiable census data.

(e) “Nonurbanized area” means any city, county, or district which does not qualify as an urbanized area or urbanized county under the definitions in subdivision (c).

(f) “Block grant” means the allocation of moneys for one or more projects for the acquisition or development of recreational lands and facilities.

(g) “Need basis grant” means the allocation of moneys for one or more projects for the acquisition or development of recreational lands and facilities on a project-by-project basis, based upon need.

(h) “Account” means the Roberti-Z’berg-Harris Urban Open-Space and Recreation Program Account in the General Fund.

(i) “Special major maintenance project” means a rehabilitation or refurbishing activity performed on an annual or more infrequent interval, excluding capital improvements and routinized or other regularly scheduled and performed tasks such as grounds mowing, hedge trimming, garbage removal, and watering. Special major maintenance project includes activities which will reduce energy requirements to operate recreational lands or facilities.

(j) “Innovative recreation program” means specially designed, creative social, cultural, and human service activities which by their nature are intended to respond to the unique and otherwise unmet recreation needs of special urban populations, including, but not limited to, senior citizens, physically or emotionally handicapped, chronic and “new” poor, single parents, “latchkey” children, and minorities. The term includes special transportation programs designed to facilitate access of these groups to parks and recreational programs and facilities.

SEC. 13. Section 13030 of the Public Resources Code is repealed.

SEC. 14. Section 13031 of the Public Resources Code is amended to read:

13031. The board of supervisors is the governing body of the district, and, unless otherwise provided in this division, the provisions of the County Service Area Law (Chapter 2.5 (commencing with Section 25210) of Part 2 of Division 2 of Title 3 of the Government Code) shall apply to the conduct of the business of the district.

SEC. 15. Section 13215 of the Public Resources Code is amended to read:

13215. The district may, pursuant to the notice, protest, and hearing procedures in Section 53753 of the Government Code, fix by ordinance or resolution, on or before the first day of July in each calendar year, water or sewer standby or immediate availability charges. Each such charge shall not individually exceed twelve dollars (\$12) per year for each acre of land, or eight dollars (\$8) per year for each parcel of land of less than an acre within the district to which water or sewerage could be made available for any purpose by the district, whether the water or sewerage is actually used or not, unless the standby charge is imposed pursuant to the Uniform Standby Charge Procedures Act (Chapter 12.4 (commencing with Section 54984) of Part 1 of Division 2 of Title 5 of the Government Code). The district board may establish schedules varying the charges depending upon factors such as the uses to which the land is put, the cost of supplying such services to the land, and the amount of services used on the land. The district board may restrict the imposition of such charges to lands lying within one or more improvement districts within the district.

The limitations contained in this section shall not apply to any district which levied a standby charge pursuant to the County Service Area Law (Chapter 2.5 (commencing with Section 25210) of Part 2 of Division 2 of Title 3 of the Government Code) prior to January 1, 1977. Any such district shall be subject to Section 25215.6 of the Government Code.

SEC. 16. Section 97.41 of the Revenue and Taxation Code is amended to read:

97.41. (a) (1) Notwithstanding any other provision of this article, commencing with the 1995–96 fiscal year, the auditor shall allocate property tax revenue to a qualifying county service area, as defined in subdivision (b), in those amounts that would be

determined if the amount of the reduction calculated for that county service area pursuant to subdivision (c) of Section 97.3 had been decreased by an amount that is equal to that fraction specified in paragraph (2) of the amount of revenue allocated to that county service area from the county's Special District Augmentation Fund for police protection activities in the 1992–93 fiscal year.

(2) For purposes of implementing paragraph (1), the applicable fractions are as follows:

(A) For the 1995–96 fiscal year, one-third.

(B) For the 1996–97 fiscal year, two-thirds.

(C) For the 1997–98 fiscal year and each fiscal year thereafter, the entire amount.

(b) For purposes of this section, “qualifying county service area” means a county service area that was formed prior to July 1, 1994, pursuant to the County Service Area Law (Chapter 2.5 (commencing with Section 25210) of Part 2 of Division 2 of Title 3 of the Government Code) and that is either of the following:

(1) A county service area, the governing board of which is the board of supervisors, that is engaged in police protection activities, as reported to the Controller for inclusion in the 1989–90 Edition of the Financial Transactions Report Concerning Special Districts under the heading of “Police Protection and Public Safety.”

(2) A county service area, the sole purpose of which is to engage in police protection activities.

SEC. 17. Section 1179.5 of the Streets and Highways Code is amended to read:

1179.5. In lieu of, or in addition to, any special tax levied pursuant to Section 1178, the board may fix and collect parcel charges for any permanent road division pursuant to the assessment ballot procedures in Section 53753 of the Government Code.

SEC. 18. Section 22976 of the Water Code is amended to read:

22976. This section provides for an alternative procedure for forming an improvement district within the El Dorado Irrigation District:

(a) The El Dorado Irrigation District may form one or more districts in the same manner as county service areas form zones pursuant to the County Service Area Law (Chapter 2.5 (commencing with Section 25210) of Part 2 of Division 2 of Title 3 of the Government Code). An improvement district formed by

the El Dorado Irrigation District shall have all of the powers and duties of a zone formed pursuant to the County Service Area Law.

(b) The application of, and the terms used in, those sections shall have the following meanings:

(1) “Board of supervisors” shall mean the board of directors of the district.

(2) “County service area” shall mean improvement district.

(3) “County services” shall mean El Dorado Irrigation District services.

(4) “County Service Area No. _____” shall mean “Improvement District No. _____.”

(5) “Chapter” shall mean section.

(6) “Services” shall mean “services permitted El Dorado Irrigation District.”

(7) “County taxes” shall mean El Dorado Irrigation District assessments.

(8) “County treasurer” shall mean El Dorado Irrigation District treasurer.

SEC. 19. Section 22981 of the Water Code is amended to read:

22981. Notwithstanding any other provision of this division, the district, or an improvement district formed within the district pursuant to this division, may do any of the following:

(a) Construct, operate, and maintain facilities for the collection, transmission, treatment, and disposal of sewage water, including all works, structures, plants, equipment, and lines necessary and convenient for the collection, transmission, treatment, and disposal of sewage waters within the district.

(b) Construct, operate, and maintain works and facilities for the use, storage, control, regulation, and distribution of any drainage water within the district.

(c) Authorize, issue, and sell revenue bonds pursuant to the Revenue Bond Law of 1941 (Chapter 6 (commencing with Section 54300) of Part 1 of Division 2 of Title 5 of the Government Code) for any purpose specified in this division.

(d) Authorize, issue, and sell general obligation bonds pursuant to Section 25216.1 of the Government Code for any purpose specified in this division.

(e) (1) Use the Improvement Act of 1911 (Division 7 (commencing with Section 5000) of the Streets and Highways Code), the Municipal Improvement Act of 1913 (Division 12

(commencing with Section 10000) of the Streets and Highways Code), and the Improvement Bond Act of 1915 (Division 10 (commencing with Section 8500) of the Streets and Highways Code) for the construction of any facilities authorized to be constructed under this division.

(2) In the application of the acts specified in this subdivision to proceedings under this subdivision, the terms used in those acts have the following meanings:

(A) “City council” and “council” means the board of directors of the district.

(B) “City” and “municipality” means the district.

(C) “Clerk” and “city clerk” means the secretary.

(D) “Superintendent of streets” and “street superintendent” and “city engineer” means the general manager of the district or any other person appointed to perform those duties.

(E) “Tax collector” means the county assessor.

(F) “Treasurer” and “city treasurer” means the person or officer who has charge of and makes payment of the funds of the district.

(G) “Right-of-way” means any parcel of land through which a right-of-way has been granted to the district for the purpose of constructing or maintaining any work or improvements which the district is authorized to do.

(3) The powers and duties conferred by those acts upon boards, officers, and agents of cities shall be exercised by the board, officers, and agents of the district, respectively.

SEC. 20. Section 22982 of the Water Code is amended to read:

22982. This section provides an alternative procedure for forming an improvement district within the district as follows:

(a) The district may form one or more improvement districts in the same manner as county service areas form zones pursuant to the County Service Area Law (Chapter 2.5 (commencing with Section 25210) of Part 2 of Division 2 of Title 3 of the Government Code). An improvement district formed by the district shall have all of the powers and duties of a zone formed pursuant to the County Service Area Law.

(b) The application of, and the terms used in, those provisions have the following meanings:

(1) “Board of supervisors” means the board of directors of the district.

(2) “County service area” means an improvement district.

- (3) “County services” means district services.
- (4) “County Service Area No. ____” means “Improvement District No. ____.”
- (5) “Chapter” means section.
- (6) “Services” means services the district may perform.
- (7) “County taxes” means district assessments.
- (8) “County treasurer” means the district treasurer.

SEC. 21. This act is based on the recommendations of the Working Group on Revising the County Service Area Law, convened by the Senate Committee on Local Government.

SEC. 22. Section 8.5 of this bill incorporates amendments to Section 56375 of the Government Code proposed by both this bill and AB 1263. It shall only become operative if (1) both bills are enacted and become effective on or before January 1, 2009, (2) each bill amends Section 56375 of the Government Code, and (3) this bill is enacted after AB 1263, in which case Section 8 of this bill shall not become operative.

SEC. 23. Section 9.5 of this bill incorporates amendments to Section 57075 of the Government Code proposed by both this bill and AB 2484. It shall only become operative if (1) both bills are enacted and become effective on or before January 1, 2009, (2) each bill amends Section 57075 of the Government Code, and (3) this bill is enacted after AB 2484, in which case Section 9 of this bill shall not become operative.

Approved _____, 2008

Governor