

# LOCAL AGENCY FORMATION COMMISSION COUNTY OF SAN BERNARDINO

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## COMMUNITY SERVICES DISTRICTS

(Government Code Sections 61000 through 61144)

### WHAT IS A COMMUNITY SERVICES DISTRICT?

A community services district (commonly referred to as a “CSD”) is a legal subdivision of the State of California, like cities and counties. The principal act that governs CSDs is the Community Services District Law (California Government Code Sections 61000 through 61144). CSD law was initially adopted in 1951, with a rewrite of CSD law taking effect on January 1, 2006.

Since 1951, in popular terms, a CSD was considered as a “junior city” since it closely approaches cityhood in terms of local autonomy (or “home rule”), its financial flexibility, and the diversity of its available services. However, in the 2005 rewrite of the CSD Act, the legislature broadened that definition to indicate that a CSD could be any of the following:

- (1) A permanent form of governance that can provide locally adequate levels of public facilities and services.
- (2) An effective form of governance for combining two or more special districts that serve overlapping or adjacent territory into a multifunction special district.
- (3) A form of governance that can serve as an alternative to the incorporation of a new city or,
- (4) A transitional form of governance as the community approaches cityhood.

### WHO GOVERNS A “CSD”?

A CSD is governed by a five-member board of directors elected at-large, by divisions, or from divisions (§61021 & §61025). The board of directors must be divided to serve staggered four year terms. Directors must be registered voters residing within the district, and if elected by divisions or from divisions, then directors must be a voter of that division or proposed division. A member of the Board of Directors shall not be general manager, the district treasurer, or any other compensated employee of the district (§61040 & §61041).

At the time of formation if the proposed district contains only unincorporated territory in a single county with less than 100 voters, the initial board of directors may be the County Board of Supervisors. The Board of Supervisors is required to place upon the ballot a measure to have an elected board of directors when any of the following occurs:

1. The district reaches or exceeds 500 registered voters;
2. Ten years after formation; or
3. LAFCO has specified a particular lesser number of registered voters or time frame for election in its resolution of approval.

Voters shall vote upon members to the board of directors as outlined in §61022 & §61027 at this election to take office upon approval of the measure. If the ballot measure is defeated, the Board of Supervisors would continue as the Board of Directors.

### **WHO MANAGES A “CSD”?**

The board of directors shall appoint a general manager who is directly responsible to the board of directors for the implementation of the policies established by the board of directors (§61050 & §61051).

### **WHAT KIND OF SERVICES CAN A “CSD” PROVIDE?**

A CSD can provide one, or any combination of, the services, depending on community needs, circumstances, and financial feasibility, outlined in Government Code Section 61100. The following provides a sampling of the thirty three different types of services available for delivery through a CSD:

1. Supply water for beneficial uses in the same manner as a Municipal Water District;
2. Sewage, waste water, recycled water, and storm water services;
3. Collect, transfer, and dispose of solid waste and provide solid waste handling services;
4. Fire protection services, rescue services, hazardous material emergency response services, and ambulance services;
5. Acquire, construct, improve, maintain and operate recreation facilities, including but not limited to, parks and open space;
6. Street lighting and landscaping on public property;
7. Mosquito abatement and vector control services;

8. Security services, including but not limited to burglar and fire alarm services;
9. Library services in the same manner as a library district formed pursuant to Chapter 8 and 9 of the Education Code;
10. Provide and maintain public airports and landing places;
11. Graffiti abatement;
12. Acquire, construct, improve, maintain, and operate community facilities such as community centers, libraries, museums, cultural facilities and child care facilities;
13. Weed and rubbish abatement;
14. Acquire, construct, improve, maintain and operate hydroelectric power generating facilities and transmission lines, consistent with the district's water supply and wastewater operations;
15. Build, operate and maintain television transistor facilities;
16. Control, abate, and eradicate pests and provide for animal control services;
17. Own, operate, improve, and maintain cemeteries and provide interment services; and
18. Habitat mitigation or other environmental protection purposes.

Please review CSD law for further details on the provision of these services and others.

### **HOW CAN YOU BE ANNEXED INTO AN EXISTING "CSD"?**

Once formed, a CSD's boundaries can be expanded to include additional territory within its sphere of influence which includes:

1. Contiguous and noncontiguous territory.
2. Incorporated or unincorporated territory.
3. Territory in one or more counties.

Proceedings for the annexation process are handled under the provisions of the Cortese-Knox-Hertzberg Local Government Reorganization Act (Govt. Code Section 56000 et. seq.) which is administered by the Local Agency Formation Commission.

### **HOW CAN YOU FORM A "CSD"?**

The formation of a CSD is a complicated and time-consuming process. The basic steps utilized by San Bernardino LAFCO are broadly summarized as follows:

1. Meet with the staff of the Local Agency Formation Commission (LAFCO) to review the steps necessary to process the formation.
2. Establish a citizen's study committee: The importance of an active, involved citizenry in the CSD formation process cannot be overemphasized. The role of this committee should be to:
  - a. Develop the boundary of the proposed district that will be utilized in the petition process. The study committee should propose boundaries which, to the extent possible, reflect a logical service area, the community of interest which supports the formation, and the area which can financially sustain the new district and its services;
  - b. Determine the basic services which are needed and desired in the community to be provided by the new agency;
  - c. Estimate basic revenues and costs, and develop a preliminary budget for the CSD for the first five years of operation and develop the feasibility study required for LAFCO review;
  - d. Comply with the requirements for notice of intent to circulate the petition, request a determination of the number of voters within the area from LAFCO, and circulate the petition to acquire signatures of at least 25 percent of the registered voters within the proposed boundaries;
  - e. Represent the community at LAFCO hearings, staff meetings, etc.; and,
  - f. Raise the funds necessary to pay the LAFCO filing fees and other expenses associated with the formation review process.

3. LAFCO Review:

The LAFCO staff review process will focus on four basic elements:

- a. The proposed boundaries of the CSD: LAFCO staff will review the proposed boundaries to determine whether they adequately represent the community and whether they are consistent with lines of assessment.
- b. Financial Issues: The LAFCO staff will review the proposed budget for the district and conduct its own independent analysis of the financial feasibility of the new district. Among the determinations to be made are:
  - A determination of the property taxes to be distributed to the new district, if any. The new district may receive a "share" of the property tax revenues generated in the community. This share depends on the types of services to be offered by the district, the previous sources of those services, if any, and the historic cost to provide the service. In

addition to property tax revenues, most CSDs also rely on fees, charges for services, assessments, etc. No new taxes can be imposed, however, unless two-thirds of the voters approve the proposal;

- A determination on the preliminary “spending limit”, technically called an appropriation limit for the new district. The permanent appropriation limit shall be established at the first district election held following the first full fiscal year of operation and shall not be considered to be a change in the appropriations of the district pursuant to Article XIII B of the California Constitution; and,
  - Pursuant to Government Code Section 61014, the Commission must make a determination that the District will have sufficient revenues to carry out its purposes or require that formation is contingent upon the approval of special taxes or assessments to generate sufficient revenue for its operation.
- c. Intergovernmental issues: Staff review will focus on the effect of the proposal upon other local agencies and other communities based upon an analysis of the services proposed for the CSD.
- d. Environmental issues: The proposal must be reviewed to determine whether the formation of the district could have a significant adverse effect on the environment. If it could, an environmental impact report must be completed prior to LAFCO review of the proposal.

#### Commission Review:

The Local Agency Formation Commission will consider the proposal at one or more public hearings. It may approve, modify and approve, or deny the proposal based on the staff report and testimony presented at the hearing. If the Commission approves the proposal, it will adopt a resolution reflecting its decision, setting forth its terms and conditions upon the formation and requesting that the County take action to place the matter on the ballot for confirmation by the voters (subject to §57077).

4. Election: An election is called and held, usually at the next general election date. At the same election, voters will select a Board of Directors, if appropriate, from among a list of candidates.

A simple majority vote is required to form the district unless a special tax is included in the formation. Inclusion of a special tax would require that two-thirds of the voters voting on the proposition approve the proposition.