

HEBER PUBLIC UTILITY DISTRICT REPORT TO BOARD OF DIRECTORS

MEETING DATE: March 19, 2026

FROM: Madeline Dessert, General Manager

SUBJECT: Authorizing the General Manager to Sign an Agreement Regarding the Special District Membership in and Funding of the Imperial County Local Agency Formation Commission

Background

Each county in California has a Local Agency Formation Commission, commonly referred to as LAFCO. LAFCO is responsible for decisions that directly affect special districts, including:

- Boundary changes
- Annexations and detachments
- Consolidations or dissolutions
- Service area expansions
- Municipal Service Reviews
- Spheres of Influence

Although state law provides for two special district seats on LAFCO, special districts in Imperial County currently lack representation. Imperial County's special districts have sought representation on LAFCO for nearly a decade.

State law establishes a process that allows special districts to obtain representation. Once completed, special districts will be entitled to two voting seats on the Imperial County LAFCO. Under existing law, special districts are collectively responsible for funding one-third of LAFCO's operating costs. Those costs are typically allocated among districts based on a statutory formula.

To eliminate the financial barrier to participation, the Imperial Irrigation District has offered to fund 100 percent of the special districts' required cost share through a formal agreement. As proposed, this district would not be required to make a financial contribution.

The attached Agreement provides that:

- Special districts will receive two voting seats on LAFCO.
- One seat will be held by a non-IID special district representative.
- IID will hold the second seat and designate the alternate representative.
- IID will fund the full cost of special district participation.

Participation on LAFCO ensures that special districts have direct representation in decisions that affect district boundaries, services, and long-term planning in Imperial County.

Financial Impact

None. The only potential impact will be the time staff and board members spend on LAFCO-related matters.

Recommendation

Staff recommends that the Board:

1. Approve the Agreement Regarding Special District Membership In and Funding of the Imperial County Local Agency Formation Commission.
2. Authorize the General Manager to sign the written request for special district representation.
3. Authorize the General Manager to participate in the Independent Special District Selection Committee meeting and vote to accept special district representation on ICLAFCO.

ICLAFCO accomplished Option 2 on March 22, 2018 through Resolution #2018-06. Option 1 can also be invoked through the submission of a written request to join ICLAFCO by interested special districts.

Once either of these occurs, ICLAFCO, at its next regular meeting, *shall adopt* a “resolution of intention” stating whether the proceedings are initiated by ICLAFCO or by an independent special district or districts and their names. The law provides that ICLAFCO *shall order* the ICLAFCO executive officer to call and give notice of a meeting of the ISDSC to be held within 15 days after the adoption of the “resolution of intention” to determine whether special districts shall accept representation on ICLAFCO and to appoint independent special district representation.

Cost of Representation on ICLAFCO

Prior to accepting representation on ICLAFCO, it has been important for special districts — particularly smaller districts with limited financial resources — to determine how the cost of representation will be shared. If special districts accept representation, special districts are required to fund 1/3 of the ICLAFCO budgetⁱ — roughly \$300,000 per year.

While special districts have continually expressed a desire to join ICLAFCO since 2018, a formal vote to accept representation by the ISDSC (composed of the presiding officer of each special district board, or a board-appointed alternateⁱⁱ), has not yet taken place due to the lack of a decision on the cost-share arrangement.ⁱⁱⁱ

On December 3, 2025, the special districts met informally to discuss joining ICLAFCO. Those present agreed in principle that special districts should join ICLAFCO under the following cost-share terms:

- That Imperial Irrigation District (IID) pay 100% of the cost for the special districts
- (1) guaranteed regular seat for non-IID special districts
- (1) guaranteed regular seat and the alternate seat in consideration of IID’s full cost contribution on behalf of all special districts

IID agreed to draft a cost-share agreement on these terms for consideration by all special districts. This must be approved prior to the ISDSC voting to accept representation.

What is Needed from Your Special District

1) Approval of the Membership & Funding Agreement, 2) your district board presiding officer’s signature on the written request for representation, and 3) your presiding officer or alternate’s presence at the ISDSC meeting to vote to accept special district representation.

ⁱ Government Code § 56381(b)(1)(A)

ⁱⁱ Government Code § 56332(a)

ⁱⁱⁱ Government Code § 56381(b)(1)(E) provides that the independent special districts' share of ICLAFCO's net operational costs may be apportioned by an alternative method approved by a majority of the districts, representing a majority of the combined populations, but that in no event shall an individual district's apportionment exceed the amount that would be calculated pursuant to subparagraphs (C) and (D), or in excess of 50 percent of the total independent special districts' share, without the consent of that district.

RESOLUTION NUMBER 2026-03

A RESOLUTION OF THE BOARD OF DIRECTORS OF THE HEBER PUBLIC UTILITY DISTRICT AUTHORIZING THE GENERAL MANAGER TO SIGN AN AGREEMENT REGARDING THE SPECIAL DISTRICT MEMBERSHIP IN AND FUNDING OF THE IMPERIAL COUNTY LOCAL AGENCY FORMATION COMMISSION

WHEREAS, the Cortese-Knox-Hertzberg Local Government Reorganization Act of 2000 authorizes independent special districts to participate as voting members on Local Agency Formation Commissions (“LAFCOs”); and

WHEREAS, the Imperial County Local Agency Formation Commission (“ICLAFCO”) currently does not include independent special district representation; and

WHEREAS, Government Code section 56332.5 provides the process by which independent special districts may initiate and formalize representation on LAFCO, subject to approval by a majority of the districts; and

WHEREAS, multiple independent special districts located within Imperial County have prepared an “Agreement Regarding Special District Membership in and Funding of the Imperial County Local Agency Formation Commission” (Agreement), which establishes the terms for participation, representation, and the apportionment of operational costs; and

WHEREAS, the Agreement proposes an alternative cost-apportionment method consistent with Government Code section 56381, and outlines procedures for appointment of special district representatives to the ICLAFCO Board; and

WHEREAS, the Board of Directors of the Heber Public Utility District (HPUD) finds that participating in the Agreement is in the best interest of the District and will promote local oversight and representation in matters concerning jurisdictional changes, boundary adjustments, and other LAFCO-related activities; and

WHEREAS, This resolution supersedes any prior board approved version of this resolution; and

NOW, THEREFORE, BE IT RESOLVED by the Board of Directors of the Heber Public Utility District as follows:

1. The Board of Directors hereby approves the Agreement Regarding Special District Membership in and Funding of the Imperial County Local Agency Formation Commission, in as presented to the Board.
2. The General Manager is hereby authorized and directed to execute the Agreement, to implement HPUD’s participation in special district representation on LAFCO.

PASSED, APPROVED, AND ADOPTED this 19th day of March, 2026, by the following vote:

RESOLUTION NUMBER 2026-03

**A RESOLUTION OF THE BOARD OF DIRECTORS OF THE HEBER
PUBLIC UTILITY DISTRICT AUTHORIZING THE GENERAL
MANAGER TO SIGN AN AGREEMENT REGARDING THE SPECIAL
DISTRICT MEMBERSHIP IN AND FUNDING OF THE IMPERIAL
COUNTY LOCAL AGENCY FORMATION COMMISSION**

AYES:

NOES:

ABSENT:

ABSTAIN:

Pompeyo Tabarez,
Board President

ATTEST:

Jacob Bermudez,
Clerk of the Board

APPROVE AS TO FORM:

Steven M. Walker,
General Counsel

RESOLUTION NUMBER 2026-03

**A RESOLUTION OF THE BOARD OF DIRECTORS OF THE HEBER
PUBLIC UTILITY DISTRICT AUTHORIZING THE GENERAL
MANAGER TO SIGN AN AGREEMENT REGARDING THE SPECIAL
DISTRICT MEMBERSHIP IN AND FUNDING OF THE IMPERIAL
COUNTY LOCAL AGENCY FORMATION COMMISSION**

STATE OF CALIFORNIA)
COUNTY OF IMPERIAL)
HEBER PUBLIC UTILITY)
DISTRICT)

I, Jacob Bermudez, Clerk of the Board of the Heber Public Utility District, County of Imperial, State of California, DO HEREBY CERTIFY that the foregoing resolution was dully passed, approved and adopted by the Board of Directors of the Heber Public Utility District at its regularly scheduled meeting held on the 19th day of March, 2026.

By _____
Jacob Bermudez,
Clerk of the Board

**AGREEMENT REGARDING SPECIAL DISTRICT
MEMBERSHIP IN AND FUNDING OF THE IMPERIAL COUNTY
LOCAL AGENCY FORMATION COMMISSION**

This Agreement (“Agreement”) is entered into by and between the following independent special districts located within the geographical boundaries of the County of Imperial:

- Bard Resource Conservation District (“BRCD”)
- Bard Water District (“Bard”)
- Bombay Beach Community Service District (“Bombay Beach”)
- Central Valley Cemetery District (“CVCD”)
- Heber Public Utility District (“HPUD”)
- Imperial Irrigation District (“IID”)
- Imperial Valley Healthcare District (“IVHD”)
- Palo Verde County Water District (“Palo Verde”)
- Riverview Cemetery District (“RCD”)
- Salton Community Service District (“SCSD”)
- Seeley County Water District (“Seeley”)
- Winterhaven County Water District (“Winterhaven”)

(Collectively, the “Special Districts”)

The Special Districts may be collectively referred to herein as the “Parties.”

RECITALS

The Parties enter into this Agreement in reference to the following facts:

- A. In each county in California, there exists a local agency formation commission, formed pursuant to the Cortese-Knox-Hertzberg Local Government Reorganization Act of 2000, Government Code section 56300, *et seq.*
- B. Unless specifically provided for otherwise by state law, Government Code section 56325 provides that local agency formation commissions are to be comprised of seven (7) members:
 - a. Two (2) appointed by the board of supervisors from their own membership.
 - b. Two (2) appointed by the cities in the county, each of whom shall be a mayor or council member, appointed by the city selection committee

- c. Two (2) presiding officers or members of legislative bodies of independent special districts appointed by the independent special district selection committee
 - d. One (1) representing the general public appointed by the other members of the commission.
- C. Currently, the local agency formation commission for Imperial County (“ICLAFCO”) does not include members who are presiding officers or members of legislative bodies of independent special districts appointed by the independent special district selection committee.
- D. In instances in which a local agency formation commission does not have representation from independent special districts prior to 2001, as is the case with ICLAFCO, Government Code section 56332.5 provides for the process of including special districts. Special Districts seek to implement the provisions of the Government Code and have representation on ICLAFCO.
- E. Government Code section 56381(b)(1)(A) provides that when a local agency formation commission has independent special district representation, the county, cities, and special districts shall each provide a one-third share of the commission's operational costs.
- F. Government Code section 56381(b)(1)(C) provides generally that the independent special districts' share shall be apportioned in proportion to each district's total revenues as a percentage of the combined total district revenues within a county. The Parties acknowledge that IVHD has a statutory exemption pursuant to Government Code Section 56381(b)(1)(D) that apportions them on a “Net from Operations” basis.
- G. Government Code section 56381(b)(1)(E) generally provides that the independent special districts' share of the commission's net operational costs may be apportioned by an alternative method approved by a majority of the districts, representing a majority of the combined populations, but that in no event shall an individual district's apportionment exceed the amount that would be calculated pursuant to subparagraphs (C) and (D), or in excess of 50 percent of the total independent special districts' share, without the consent of that district.
- H. The Special Districts desire to enter into this Agreement to provide for an alternative method of apportionment of the Special Districts' share of the net operating costs of ICLAFCO.

AGREEMENT

Upon this mutual understanding, the Parties agree as follows:

1. OPERATING EXPENSES - ALTERNATIVE APPORTIONMENT.

- 1.1. The Parties agree to the following alternative method of apportionment of the independent special districts' share of the net operating costs of ICLAFCO:
- Upon the Special Districts being represented on ICLAFCO, IID shall pay 100% of the net operating costs of ICLAFCO attributable to the Special Districts.
- 1.2. IID consents to an apportionment greater than fifty percent (50%) of the net operating costs as established by Government Code section 56381(b)(1)(F), on the express condition that the Special Districts' representatives comply with Paragraphs 2.1.2 and 2.1.3.
- 1.3. In the event of a violation of the provisions of Paragraphs 2.1.2 and/or 2.1.3, all Special Districts shall be liable for their portion of the net operating costs as calculated pursuant to Government Code section 56381(b)(1)(C). The Parties acknowledge that IVHD has a statutory exemption as outlined in Recital F. above that will determine its apportioned share. However, the failure of IID to select a member for the independent special district selection committee's consideration shall not constitute a violation for purposes of this section.

2. SPECIAL DISTRICT REPRESENTATION.

- 2.1. The Special Districts are entitled to select two members of the board of ICLAFCO, appointed by the independent special district selection committee (the committee of presiding officers or board appointee of the legislative bodies of independent special districts, convened pursuant to Government Code section 56332(b)).
- 2.1.1. Seat One. The independent special district selection committee shall appoint the first Special District member, who is not a member of the IID Board of Directors, in accordance with Government Code sections 56325 and 56332.
- 2.1.2. Seat Two. Notwithstanding the provisions of Government Code sections 56325 and 56332, each Special District shall cause its representative to the independent special district selection committee to cast its vote on behalf of the individual selected by the IID Board of Directors for the second Special District member. Failure of IID to select a member for the independent special district selection committee's consideration shall not constitute a violation for purposes of Section 1.3.

2.1.3. Alternate Member. Notwithstanding the provisions of Government Code sections 56325 and 56332, each Special District shall cause its representative to the independent special district selection committee to cast its vote on behalf of the individual selected by the IID Board of Directors for the alternate Special District member. Failure of IID to select a member for the independent special district selection committee's consideration shall not constitute a violation for purposes of Section 1.3.

3. This Agreement shall serve as the "alternative method" of apportionment and shall become binding on all Parties once approved by a majority vote of the Special Districts representing a majority of the combined total population of independent special districts in the county.
4. The parties agree that ICLAFCO and all Parties retain any and all of their rights, powers, and remedies, and no remedy shall be exclusive of any of the others, or of any other legal or equitable remedy which any party might otherwise have in the event of breach or default of this Agreement. The exercise of any right or remedy by a party shall not impair its right to any other right or remedy under this Agreement or otherwise available at law or in equity. Any disputes arising under this Agreement shall be resolved in the Superior Court of the State of California, County of Imperial
5. This Agreement shall be in full force and effect for a minimum of 10 (ten) years. Following this period, it may be terminated by a majority vote of the Special Districts representing a majority of the combined total population of independent special districts in the county. The termination shall have an effective date of no less than twenty-four (24) months from the date of termination following the 10-year period mentioned above. The respective rights, responsibilities, and obligations of all parties, as provided in this agreement and the Government Code, shall continue unimpaired until the effective date of termination. In the event this agreement is terminated, it will also constitute an official notification to ICLAFCO that the special districts no longer desire seats on the ICLAFCO, thereby terminating any financial liabilities.
6. The parties each represent and warrant that the signatories to this Agreement have the authority to execute this Agreement on behalf of their respective agency.
7. This Agreement shall not be modified or amended except in a writing signed by the parties.
8. This Agreement may be executed in counterparts each of which shall be deemed to be an original and all of which when taken together shall be deemed to be but one agreement.

In witness whereof, these Parties have executed this Agreement effective on the date set forth below.

Bard Resource Conservation District

By: _____
Signature
Printed Name: _____
Title: _____

Date Signed: _____

Bard Water District

By: _____
Signature
Printed Name: _____
Title: _____

Date Signed: _____

Bombay Beach Community Service District

By: _____
Signature
Printed Name: _____
Title: _____

Date Signed: _____

Central Valley Cemetery District

By: _____
Signature
Printed Name: _____
Title: _____

Date Signed: _____

Heber Public Utility District

By: _____
Signature
Printed Name: _____

Date Signed: _____

Imperial Irrigation District

By: _____

Date Signed: _____

Signature
Printed Name: _____
Title: _____

Imperial Valley Healthcare District

By: _____
Signature
Printed Name: _____
Title: _____

Date Signed: _____

Palo Verde County Water District

By: _____
Signature
Printed Name: _____
Title: _____

Date Signed: _____

Riverview Cemetery District

By: _____
Signature
Printed Name: _____
Title: _____

Date Signed: _____

Salton Community Service District

By: _____
Signature
Printed Name: _____
Title: _____

Date Signed: _____

Seeley County Water District

By: _____
Signature
Printed Name: _____
Title: _____

Date Signed: _____

Winterhaven County Water District

By: _____
Signature
Printed Name: _____
Title: _____

Date Signed: _____