

CONTRA COSTA LAFCO

3.13 City Disincorporation

Definitions

Disincorporation means the dissolution, extinguishment, or termination of the existence of a city and the cessation of its corporate powers, except for the purpose of winding up the affairs of the city (56034).

Disincorporations are generally a measure of last resort, and do not relieve a city of debt. Municipal bankruptcy provides some legal protection to financially-stressed municipalities from its creditors through excusing or adjusting debt. Municipal bankruptcy and disincorporation are currently not connected to each other under State law.

Initiation of Proceedings

Proceedings for disincorporation can be initiated by petition, or by resolution of an affected local agency or school district. LAFCO can raise awareness of fiscal instability and malfeasance through municipal service reviews; however, current law does not allow LAFCO to initiate the disincorporation of a city.

A petition for the disincorporation of a city shall be signed by not less than 25% of the registered voters residing in the city proposed to be disincorporated (56765).

In preparation for a disincorporation, the applicant and the affected city should work with the county and other service providers to develop a plan for services, which is a required component of the LAFCO application (56653).

Commission Proceedings

After receiving a disincorporation proposal by petition or resolution of application, LAFCO staff conducts an analysis of the proposal. The Commission conducts a hearing to review this analysis and to receive oral and written testimony (56666). The Commission then adopts a resolution approving or disapproving the proposal (56880). As part of the approval process, the Commission may adopt terms and conditions of approval. If the Commission wholly disapproves a proposal, no new proposal involving the same or substantially the same territory shall be initiated for one year after the date of the Commission's resolution, unless this provision is waived by the Commission.

If a disincorporation proposal is approved by the Commission, the Commission shall order the disincorporation subject to confirmation of the voters. A protest proceeding shall not be conducted (57077).

Election

The election shall be conducted in accordance with the LAFCO statutes and election law.

In the case of disincorporation, the election expenses shall be paid from the remaining assets of the disincorporated city, or by the city proposed to be disincorporated, if disincorporation proceedings are terminated (57150).