

## **Agenda Item 6A**



## STAFF REPORT

**TO:** Board of Directors

**PREPARED BY:** Steven Palmer, PE, CSDM, General Manager *SP*

**SUBJECT:** General Manager Report

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### Project Updates

#### Rate Study

An informational workshop was held on April 18, 2026.

#### Administration

- Lock box service for customer payments started with the April billing.
- General Manager attended CSDA Legislative Days and met with State Senator Megan Dahle's staff, Assemblymember Heather Hadwick, and Assemblymember James Gallagher's staff to review CSDA legislative priorities. Attached are handouts from the meetings.

### Upcoming Board Items

#### May

- Rate Study Hearing
- Draft FY26/27 Budget
- Draft 5 Year CIP

#### June

- FY26/27 Budget
- 5 Year CIP
- Annual Special Tax Levies for CFD
- Annual Tax Levies for Delinquent Charges
- Appropriations Limit

# **Attachment 1**



**California Special  
Districts Association**  
*Districts Stronger Together*

## LEGISLATIVE PRIORITIES

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### **SPECIAL DISTRICTS WEEK – SPONSOR**

#### **Assembly Concurrent Resolution 161 (Addis)**

*Status: Assembly Floor (To Consent Calendar on 3.23.26)*

Proclaims April 5-11, 2026 to be *Special Districts Week* and encourages Californians across the state to engage with their local communities and be actively involved with their local government.

### **WORKPLACE ARTIFICIAL INTELLIGENCE TOOLS – OPPOSE**

#### **Assembly Bill 1898 (Schultz)**

*Status: Assembly Judiciary Committee (Referred on 3.25.26)*

Places restrictions on the use of AI in surveillance, operations, and decision making conducted by an employer by requiring significant, repeated notices.

- The notice must contain, among other things, detailed information on the workplace surveillance tool or automated decision system, justification, categories of employment-related decisions likely to be affected, and worker data information, as specified.
- The bill could compromise the security and operations of public agencies by putting routine workplace technologies at risk and exposing sensitive information that may compromise security.
- Contains enforcement provisions that expose public employers to significant litigation risk.

### **WORKER DATA PROHIBITIONS: ARTIFICIAL INTELLIGENCE – OPPOSE**

#### **Assembly Bill 2027 (Ward)**

*Status: Assembly Labor and Employment Committee (Referred on 3.17.26)*

Establishes significant limitations on the use of AI for public and private employers, specific to worker data.

- The bill could effectively ban most AI tools in the workplace. The bill prohibits an employer from using an AI tool trained with worker data to replicate, automate, or replace a worker's job. This could cover tools trained with data from the employer's employees or any other employer's employees. For example, innocuous AI search tools work off of data very likely trained, in part, by workers, while their functionality replicates certain tasks of workers.
- Contains enforcement provisions that expose public employers to significant litigation risk

### **DIVERSION OF LOCAL PROPERTY TAX AND SALES TAX REVENUE**

#### **CALIFORNIA HIGH-SPEED RAIL AUTHORITY DRAFT 2026 BUSINESS PLAN**

*Status: Issued February 28, 2026 with a 60-Day Comment Period*

Proposals under consideration by the California High-Speed Rail Authority include seeking statutory permission for the Authority to form and lead tax-increment financing districts that would capture property tax and sales tax growth within a one-half (½) mile radius of high-speed rail stations.

- Though seemingly similar to other tax-increment financing tools such as enhanced infrastructure financing districts (EIFDs), participation by affected taxing agencies (including special districts) may be compulsory, resulting in the unconstitutional diversion of local property tax revenue to the state.
- CSDA opposes any attempt to redirect tax revenues away from local governments and the communities they serve without their express, meaningful, and freely-given consent. Depriving special districts of property tax revenue will undermine affordable essential service delivery.
- While the exact language of the proposals has not yet been made public, the legislation to implement the Authority proposals is widely anticipated to be included in a forthcoming budget trailer bill.



# Advocacy Initiatives



## Protecting Local Revenue

- Communities entrust their local leaders to invest locally approved taxes, fees, and assessments in the essential infrastructure and services our economy, housing growth, and families depend on
- **ADVOCACY PRIORITY:** CSDA advocates for enhancing, not limiting local control and flexibility over local dollars

## Supporting Infrastructure Essential to Housing

- Sustainable, reliable, and cost-effective public works and services are necessary for thriving communities, and essential to the health, safety, and well-being of both current and future residents
- **ADVOCACY PRIORITY:** CSDA opposes overly costly or unnecessary mandates and supports opportunities to streamline state and federal permitting and other regulations where feasible



## Ensuring Equitable Access to Funding

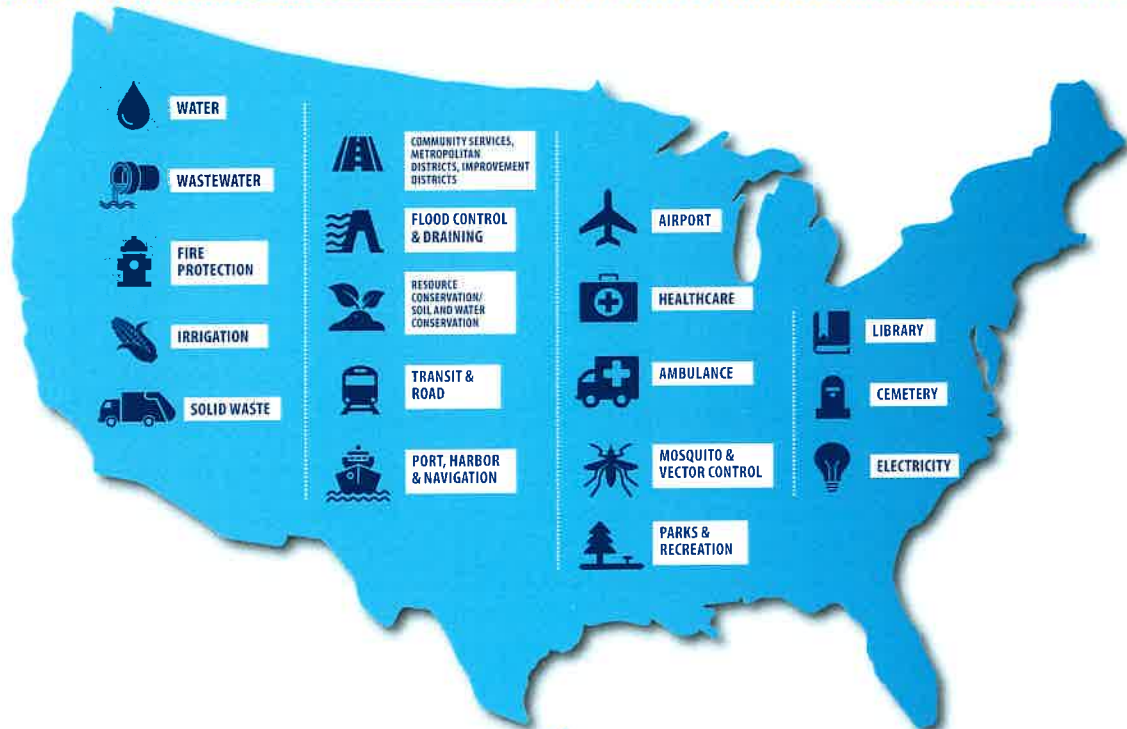
- Special districts provide at least one essential service for nearly all 39 million Californians, including urban, rural, and disadvantaged communities
- **ADVOCACY PRIORITY:** CSDA advocates for special districts to receive equitable access, as compared to other service providers, to state and federal funding critical for meeting statewide and global challenges at the local level



# WHAT ARE SPECIAL DISTRICTS?

*There are approximately 30,000 special districts in the United States.*

**Special districts are local governments created by the people of a community to deliver specialized services that are essential to their health, safety, economy, and well-being.**



Special districts are political subdivisions of states, authorized through enabling acts in statute and formed by the communities they serve.

Like cities and counties, special districts are local governments that deliver municipal services; however, **they provide specialized services that their general-purpose counterparts do not provide to their residents.**

Districts are subject to sunshine laws and **governed by a board of directors accountable directly to their residents.**

Special districts serve all kinds of communities from agricultural, rural, and disadvantaged unincorporated to incorporated cities and major metropolitan regions, **driving innovation and achieving efficiency through focused-service and economies of scale.**

## HOW ARE SPECIAL DISTRICTS FUNDED?



**SPECIAL DISTRICT SERVICES, INFRASTRUCTURE AND CAPITAL NEEDS ARE FUNDED THROUGH A VARIETY OF SOURCES.**

- Revenue sources include fees for services, and each state varies on property tax or sales tax revenue.
- Most states demand a strict process for voter approval of the taxes and fees that fund district services.
- Due to strong local oversight and stringent Constitutional provisions enacted in most states, special districts often must find a way to do more with less than other government agencies.

## WHY ARE SPECIAL DISTRICTS NECESSARY?



**SPECIAL DISTRICTS ARE FORMED BY COMMUNITIES WHEN IT'S SOMETHING:**

- The community wants
- The community wants done well
- The community wants done with local control

**30K**

Approximately 30,000 special districts provide services and infrastructure to **millions of Americans** in all 50 states.



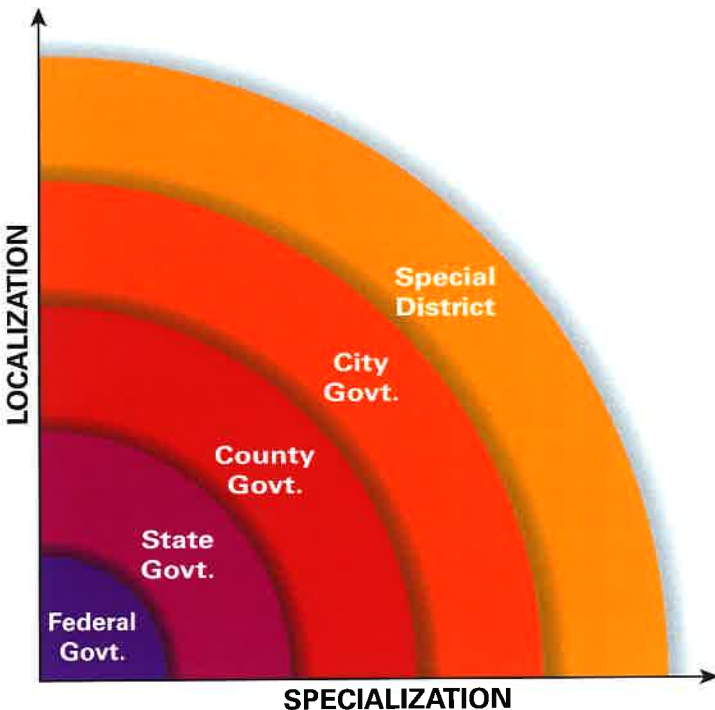
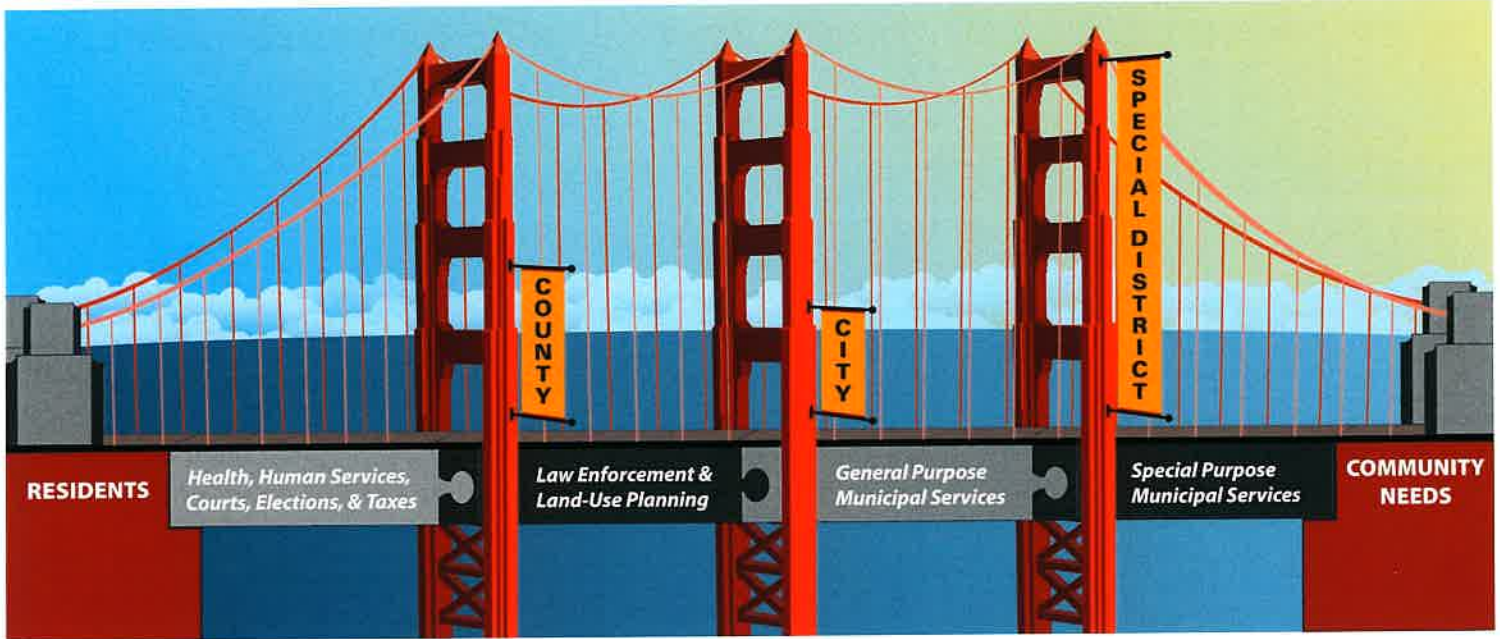
Many districts **provide infrastructure services** the U.S. Department of Homeland Security deems "critical", such as water, irrigation, wastewater and agriculture services.

**Special districts seek partnership with the state and federal governments to:**

- Ensure safe and reliable services our communities depend on.
- Build resiliency to face adversity, such as wildfires and other natural disasters.
- Grow the economy through investment in local and regional infrastructure.



# Where Special Districts Fit in the Public Services Puzzle



California’s communities are diverse in the nature and extent of public services they need. The result is a network of public service agencies, each with a purpose under state law. Within this framework, **special districts are formed, governed, and “owned” by the community.** They are created to meet the essential needs of local families and economies, and are directly accountable to the communities they serve.

Like cities and counties, special districts are subject to “sunshine laws,” audits, and regulatory compliance requirements. Special districts are also the most responsive form of government because they are established, operated, and controlled by local voters, and employ highly-trained experts focused on a single mission to most efficiently and effectively meet the community’s needs.

**Special districts are focused on providing a “special-purpose” municipal service, like water, sanitation, fire protection, parks, mosquito abatement, cemeteries, resource conservation, ports and harbors, airports, or libraries where a city or county does not.**



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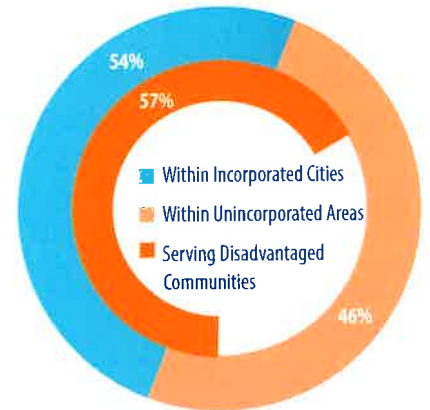
# SPECIAL DISTRICTS COMMUNITY DRIVEN AND FUTURE FOCUSED

## Special Districts are Addressing California's Biggest Statewide Problems—At The Local Level

California is the world's fifth largest economy and plays an integral part in the continued prosperity of the country as a whole. The state is faced with many challenges, any one of which could be considered the biggest issues of our time. Climate change, wildfires, drought, homelessness, and mental health, all require thoughtful approaches built from the ground up, and they are all being tackled every day by the locally-focused experts of California's special districts.

Special districts, sometimes referred to as special services districts, are locally-formed and independently administered units of local government, created to oversee everything from how people get their water and power to how they enjoy their parks and open spaces. Our state simply could not function without them.

### SPECIAL DISTRICTS SERVE VARIED COMMUNITIES



## Special Districts Are Truly the Backbone of California's Economy

California's Special Districts provide essential services that many cities and counties do not, such as fire protection, health and wellness programs, and core infrastructure, including transit, airports, ports and harbors as well as access to reliable water, wastewater, and electricity. Across California, more than 2,000 special districts serve the needs of nearly every one of California's 40 million residents—many in disadvantaged communities—and employ more than 120,000 front-line workers.

## Special Districts Operate at the Nexus of Cutting-Edge Technology and Community Engagement

Special Districts are addressing the biggest statewide problems by taking what the experts learn at the local level and turning that knowledge into future-focused, long-term solutions. Scientists, firefighters, engineers, healthcare professionals, water operators, lab technicians, environmental analysts, and many other specialists provide special district services. Their expertise allows special districts to respond to a rapidly changing world and develop and implement technologies quickly when evolving needs require new, state-of-the-art tools of the trade.

Whether responding to drought conditions with more effective water conservation and groundwater sustainability technologies, mitigating wildfire risk and recovery, addressing transportation needs with innovative strategies, or simply serving the physical, mental, and emotional health needs of diverse populations, special districts are developing world-class solutions to the everyday needs of the communities they serve.