STATE OF CALIFORNIA

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APPENDICES

LOCAL AGENCY FORMATION COMMISSION MUNICIPAL SERVICE REVIEW GUIDELINES

Governor's Office of Planning and Research

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FINAL

APPENDICES

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APPENDIX A

WHAT IS THE ENVIRONMENTAL GOALS AND POLICY REPORT (EGPR)?

Government Code Sections 65041-65049

A. THE GOVERNOR'S STATE ENVIRONMENTAL GOALS AND POLICY REPORT IS:

- A long-range (20-30 year) overview of state growth and development.
- A statement of approved state goals and objectives, including those directed to land use, population growth and distribution, development, conservation of natural resources, transportation, and air and water quality.
- A description of new and revised state policies, programs, and other actions of the executive and legislative branches required to implement the approved goals.

B. THE EGPR MUST BE CONSISTENT WITH:

The three state planning priorities established under AB 857 (Wiggins, 2002), which are intended to promote equity, strengthen the economy, protect the environment, and promote public health and safety in the state, including in urban, suburban, and rural communities. These priorities are to:

- Promote infill development and equity by rehabilitating, maintaining, and improving existing infrastructure that supports infill development and reuse of previously developed land.
- Protect environmental and agricultural resources by protecting, preserving, and enhancing the state's most valuable resource lands, such as working landscapes, natural lands, and recreational lands.
- Encourage efficient development patterns by ensuring that any infrastructure associated with development other than infill supports new development that uses land efficiently.

C. THE EGPR WILL DO THE FOLLOWING:

- Address issues related to the environment, the economy, and equity.
- Address the policies, programs, and expenditures of state government only.
- Strive to bring consistency to state policies, programs, and expenditures.

- Serve as a basis for decisions about the design, location, and priority of major public programs, capital projects and other actions, including the allocation of state resources.
- Guide the development of state functional plans.
- Guide the development of the Five-Year Infrastructure Plan prepared by the Department of Finance.
- Be developed through an inclusive and collaborative process, involving a broad range of stakeholders.
- Inform all other levels of government (local, regional and federal) of approved state environmental goals and objectives and the proposed direction of state programs and actions in achieving them.

APPENDIX B

DEFINITIONS[1]

TERM	DEFINITION	SECTION
Affected city	Any city which: (a) contains, or its sphere of influence (SOI) contains, territory for which a change of organization is proposed or ordered either singularly or as part of a reorganization; or (b) would contain the territory described in subdivision (a) as a result of proceedings for a change of organization or reorganization taken pursuant to this division.	§56011
Affected county	Each county which contains, or would contain, any territory for which a change of organization or reorganization is proposed or ordered or which contains all or any part of a district for which a change of organization or reorganization is proposed or ordered with respect to territory outside that county.	§56012
Affected district	A special district, as defined by §56036, which contains, or whose SOI contains, any territory for which a reorganization or a change of organization is proposed or ordered.	§56013
Affected LAFCO	When more than one county is affected by, or participating in a municipal service review, the LAFCO for a county other than the principal county, in which a municipal service review is conducted.	
Affected local agency	Any agency which contains, or would contain, or whose SOI contains, any territory within any proposal or study to be reviewed by the Commission.	§56014
Affected territory	Any territory for which a change of organization or reorganization is proposed or ordered.	§56015
Annexation	The annexation, inclusion, attachment, or addition of territory to a city or district.	§56017
Board of Directors	The legislative body or governing board of a district.	§56019
Board of Supervisors	The elected board of supervisors of a county.	§56020

[1] Citations refer to sections of the Government Code. Some definitions are taken from other sources or have been developed for the Guidelines so they do not have specific Code references.

TERM	DEFINITION	SECTION
Change of organization	A city incorporation, district formation, annexation to, or detachment from, a city or district, disincorporation of a city, district dissolution, consolidation of cities or special districts, or merger or establishment of a subsidiary district.	§56021
City	Any charter or general law city, including any city the name of which includes the word "town."	§56023
City Council	The elected legislative body of a city.	§56024
Consolidation	The uniting or joining of two or more cities located in the same county into a single new successor city or two or more districts into a single new successor district. In the case of consolidation of special districts, all of those districts shall have been formed pursuant to the same principal act.	§56030
Cost avoidance	Actions to eliminate unnecessary costs derived from, but not limited to, duplication of service efforts, higher than necessary administration/operation cost ratios, use of outdated or deteriorating infrastructure and equipment, underutilized equipment or buildings or facilities, overlapping/inefficient service boundaries, inefficient purchasing or budgeting practices, and lack of economies of scale.	
County Service Area (CSA)	A dependent agency governed by the Board of Supervisors of a County pursuant to §25210.1 - §25211.33 of the Government Code. A CSA may perform most services, which the county is authorized to perform by law, but is limited by the county's ability to show that the proposed level of extended service is not otherwise provided on a county-wide basis.	
Detachment	The detachment, deannexation, exclusion, deletion, or removal from a city or district of any portion of the territory of that city or district.	§56033
Disincorporation	The disincorporation, dissolution, extinguishment, and 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
Dissolution	The dissolution, disincorporation, extinguishment, and termination of the existence of a district and the cessation of all its corporate powers, except for the purpose of winding up the affairs of the district.	§56035

TERM	DEFINITION	SECTION
District or special district	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.	§56036
District of limited powers	An airport district, community services district, municipal utility district, public utilities district, fire protection district, harbor district, port district, recreational harbor district, small craft harbor district, resort improvement district, library district, local hospital district, local health district, municipal improvement district formed pursuant to any special act, municipal water district, police protection district, recreation and park district, garbage disposal district, garbage and refuse disposal district, sanitary district, county sanitation district, or public cemetery district.	§56037
Education Revenue Augmentation Fund	The state mechanism for shifting property tax revenues from local governments to schools.	
Enterprise activities	Activities accounted for in a manner similar to a private business such as a water utility. The acquisition, operation, and maintenance of governmental facilities and services are entirely or predominantly self-supporting through user charges or fees. The State Controller separates enterprise activities into seven categories: airports, electric, harbor and port, transit, waste disposal, utility, and hospital.	
Feasible	Capable of being accomplished in a successful manner within a reasonable period of time, taking into account economic, legal, social and technological factors.	§56038.5
Formation	The formation, incorporation, organization, or creation of a district.	§56039
Function	Any power granted by law to a local agency or a county to provide designated governmental or proprietary services or facilities for the use, benefit, or protection of all persons or property.	§56040
Functional revenues	Revenues generated from direct services or associated with specific services, such as a grant or statute, and expenditures.	
General revenues	Revenues not associated with specific services or retained in an enterprise fund.	

TERM	DEFINITION	SECTION
Incorporation	The incorporation, formation, creation, and establishment of a city with corporate powers. Any area proposed for incorporation as a new city must have at least 500 registered voters residing within the affected area at the time commission proceedings are initiated.	§56043
Independent special district	Any special district having a legislative body all of whose members are elected by registered voters or landowners within the district, or whose members are appointed to fixed terms, and excludes any special district having a legislative body consisting, in whole or in part, of ex officio members who are officers of a county or another local agency or who are appointees of those officers other than those who are appointed to fixed terms. "Independent special district" does not include any district excluded from the definition of district contained in §56036.	§56044
Independent SD officer	The presiding officer or a member of the legislative body of an independent special district.	§56045
Infrastructure needs and deficiencies	The term, "infrastructure" is defined as public services and facilities, such as sewage-disposal systems, water-supply systems, other utility systems, and roads (General Plan Guidelines). Any area needing or planned for service must have the infrastructure necessary to support the provision of those services. The term, "infrastructure needs and deficiencies," refer to the status of existing and planned infrastructure and its relationship to the quality and levels of service that can or need to be provided.	
Interested agency	Each local agency, which provides facilities or services in the affected territory that a subject agency would provide.	§56047.5
Joint Commission	A single Commission formed to preside over the functions of a multi-LAFCO Joint Powers Agreement. The Commission may be comprised of all or a portion of the Commissioners of the individual Commissions that are participating in the Joint Powers Agreement. A Joint Commission, as herein defined, does not constitute an individual agency. It is intended to jointly exercise existing powers common to each agency.	
Lead LAFCO	The LAFCO with primary responsibility for conducting a municipal service review affecting more than one county.	
Loaded Cost	A cost that has overhead and/or other fees or charges added to the actual and direct service or item cost.	

TERM	DEFINITION	SECTION
Local accountability and governance	The term, "local accountability and governance," refers to public agency decision making, operational and management styles that include an accessible staff, elected or appointed decision-making body and decision making process, advertisement of, and public participation in, elections, publicly disclosed budgets, programs, and plans, solicited public participation in the consideration of work and infrastructure plans; and regularly evaluated or measured outcomes of plans, programs or operations and disclosure of results to the public.	
Local agency	A city, county, or special district or other public entity, which provides public services.	§56053
Management efficiency	The term, "management efficiency," refers to the organized provision of the highest quality public services with the lowest necessary expenditure of public funds. An efficiently managed entity (1) promotes and demonstrates implementation of continuous improvement plans and strategies for budgeting, managing costs, training and utilizing personnel, and customer service and involvement, (2) has the ability to provide service over the short and long term, (3) has the resources (fiscal, manpower, equipment, adopted service or work plans) to provide adequate service, (4) meets or exceeds environmental and industry service standards, as feasible considering local conditions or circumstances, (5) and maintains adequate contingency reserves. According to CLG staff, "Management Efficiencies" was not about union issues or collective bargaining, but was generally seen as organizational efficiencies including the potential for consolidations."	
Mentor LAFCO	A LAFCO with the experience and resources necessary to advise, or contract with, other LAFCOs for the implementation of municipal service reviews.	
Merger	The extinguishment, termination, and cessation of the existence of a district of limited powers by the merger of that district with a city as a result of proceedings taken pursuant to this division.	§56056

TERM	DEFINITION	SECTION
Municipal services	The full range of services that a public agency provides, or is authorized to provide, except general county government functions such as courts, special services and tax collection. Municipal service reviews are triggered by requirements to create or update SOIs for public agencies. Therefore, a LAFCO will review services that are provided by public agencies that have, or are required to have, SOIs with review and consideration of the operations of other providers that service the same region.	
Non-enterprise activity	A non-enterprise activity, such as fire protection, is an activity that has an accounting system organized on a governmental fund basis.	
Open space	Any parcel or area of land or water, which is substantially unimproved and devoted to an open-space use.	§56059 §65560
Overlapping territory	Territory which is included within the boundaries of two or more districts or within one or more districts and a city or cities.	§56061
Out of Agency Contract	A contract to provide services outside of an agency's boundaries.	
Parent district	Any district, a metropolitan water district, or any of the entities enumerated in subdivision (c) of §56036, which includes all or any part of another district, the first-mentioned district or entity being obligated, under the provisions of the principal act of the first-mentioned district entity, to provide and furnish any governmental or proprietary service or commodity to the second-mentioned district.	§56062
Planning area	The area directly addressed by the general plan. A city's planning area typically encompasses the city limits and potentially annexable land within its SOI (General Plan Guidelines (GPG) page 230).	
Plan of reorganization	A plan or program for effecting a reorganization and which contains a description of all changes of organization included in the reorganization and setting forth all terms, conditions, and matters necessary or incidental to the effectuation of that reorganization.	§56063

TERM	DEFINITION	SECTION
Prime agricultural land	An area of land, whether a single parcel or contiguous parcels, that has not been developed for a use other than an agricultural use and that meets any of the following qualifications: (a) Land-that, if irrigated, qualifies for rating as class l or class II in the USDA Natural Resources Conservation Service land use capability classification, whether or not the land is actually irrigated, provided that irrigation is feasible; (b) Land that qualifies for rating 80 through l00 Storie Index Rating; (c) Land that supports livestock used for the production of food and fiber and that has an annual carrying capacity equivalent to at least one animal unit per acre as defined by the United States Department of Agriculture in the National Handbook on Range and Related Grazing Lands, July, 1967, developed pursuant to Public Law 46, December 1935; (d) Land planted with fruit or nut-bearing trees, vines, bushes, or crops that have a nonbearing period of less than five years and that will return during the commercial bearing period on an annual basis from the production of unprocessed agricultural plant production not less than four hundred dollars ($400) per acre; (e) Land that has returned from the production of unprocessed agricultural plant products an annual gross value of not less than four hundred dollars ($400) per acre for three of the previous five calendar years.	§56064
Principal act	In the case of a district, the law under which the district was formed and, in the case of a city, the general laws or a charter, as the case may be.	§56065
Principal county	The county having all or the greater portion of the entire assessed value, as shown on the last equalized assessment roll of the county or counties, of all taxable property within a district or districts for which a change of organization or reorganization is proposed.	§56066
Principal LAFCO for municipal service review	The LAFCO with the lead responsibility for a municipal service review. Lead responsibility can be determined pursuant to the CKH Act definition of a Principal LAFCO as it applies to government organization or reorganization actions, by negotiation, or by agreement among two or more LAFCOs.	
Proceeding	Proceedings taken by the commission for a proposed change of organization or reorganization pursuant to Part 4 (commencing with §57000).	§56067

TERM	DEFINITION	SECTION
Proposal	A request or statement of intention made by petition or by resolution of application of a legislative body or of a school district proposing proceedings for the change of organization or reorganization described in the request or statement of intention.	§56069
Public agency	The state or any state agency, board, or commission, any city, county, city and county, special district, or other political subdivision, or any agency, board, or commission of the city, county, city and county, special district, or other political subdivision.	§56070
Rate restructuring	Rate restructuring does not refer to the setting or development of specific rates or rate structures. During a municipal service review, LAFCO may compile and review certain rate related data, and other information that may affect rates, as that data applies to the intent of the CKH Act (§56000, §56001, §56301), factors to be considered (§56668), SOI determinations (§56425) and all required municipal service review determinations (§56430). The objective is to identify opportunities to positively impact rates without adversely affecting service quality or other factors to be considered.	
Regional	Pertaining to activities or economies at a scale greater than that of a single jurisdiction, and affecting a broad geographic area (GPG page 231)	
Reorganization	Two or more changes of organization initiated in a single proposal.	§56073
Responsible LAFCO	The LAFCO of a county other than the Principal County that may be impacted by recommendations, determinations or subsequent proposals elicited during a municipal service review being initiated or considered by the Lead LAFCO.	
Retained Earnings	The accumulated earnings of an enterprise or intragovernmental service fund which have been retained in the fund and are not reserved for any specific purpose (debts, planned improvements, contingency/emergency).	

TERM	DEFINITION	SECTION
Reserve	(1) For governmental type funds, an account used to earmark a portion of fund balance, which is legally or contractually restricted for a specific use or not appropriable for expenditure. (2) For proprietary type/enterprise funds, the portion of retained earnings set aside for specific purposes. Unnecessary reserves are those set aside for purposes that are not well defined or adopted or retained earnings that are not reasonably proportional to annual gross revenues.	
Service	A class established within, and as a part of, a single function, as provided by regulations adopted by the commission pursuant to Chapter 5 (commencing with §56820) of Part 3.	§56074
Service review	A study and evaluation of municipal service(s) by specific area, sub-region or region culminating in written determinations regarding nine specific evaluation categories.	
Special reorganization	A reorganization that includes the detachment of territory from a city or city and county and the incorporation of that entire detached territory as a city.	§56075.5
Sphere of influence (SOI)	A plan for the probable physical boundaries and service area of a local agency, as determined by the commission.	§56076
Staged municipal service review	A municipal service review method structured to consider unique conditions, circumstances and characteristics and limit the depth of review and evaluation to that necessary to render substantiated written determinations. In this approach, Stage 1 is a general, less complicated level of review. LAFCOs proceed with a more complicated focused Stage 2 review only if the Stage 1 review did not produce the information needed to substantiate required determinations. Stage 3 focuses on those items needing extensive review.	
Stakeholder	Refers to LAFCOs, members of the public, affected and interested agencies, and other entities interested in, and affected by, service(s) being reviewed.	
Subject agency	Each district or city for which a change of organization is proposed or provided in a reorganization or plan of reorganization.	§56077

TERM	DEFINITION	SECTION
Sub-region	The study area for a municipal service review chosen because of characteristics, such as geography, government structure, or development characteristics, which produces meaningful comparisons and evaluations of government structure options.	
Subsidiary district	A district of limited powers in which a city council is designated as, and empowered to act as, the ex officio board of directors of the district.	§56078
Substantial SOI amendment	An amendment to an SOI which causes the SOI to be internally inconsistent, is inconsistent with provisions of the CKH Act, has the potential to cause significant adverse social, economic, environmental or other consequences, or has substantial adverse regional planning implications. A substantial amendment to an SOI prior to a municipal service review is inconsistent with §56430.	
Urban service area	Developed, undeveloped, or agricultural land, either incorporated or unincorporated, within the SOI of a city, which is served by urban facilities, utilities, and services or which are proposed to be served by urban facilities, utilities, and services during the first five years of an adopted capital improvement program of the city if the city adopts that type of program for those facilities, utilities, and services. The boundary around an urban area shall be called the "urban service area boundary" and shall be developed in cooperation with a city and adopted by a commission pursuant to policies adopted by the commission in accordance with §56300, §56301, and §56425.	§56080

APPENDIX C

ACRONYMS

CAFR - Comprehensive Annual Financial Reports

CEQA - California Environmental Quality Act

CKA - Cortese-Knox Local Government Reorganization Act of 1985 as amended

CKH - Cortese-Knox-Hertzberg Local Government Reorganization Act of 2000

CLG - Commission on Local Governance for the 21st century

COG - Council of Governments

CSD - Community Services District

DOF - State Department of Finance

ERAF - Education Revenue Augmentation Fund

GWB - Growth Within Bounds

GPG - General Plan Guidelines

JPA - Joint Powers Agreement

LAFCO - Local Agency Formation Commission

LHC - Little Hoover Commission

MSRG - Municipal Service Review Guidelines

PUC - Public Utilities Commission

SD - Special Districts: Relics of the Past or Resources of the Future

SOI - Sphere of Influence

TOC - Table of Contents

APPENDIX D

BACKGROUND ON MUNICIPAL SERVICE REVIEWS

The following is a discussion of the purpose and intent of the new municipal service review requirements and a description of the statutory requirements.

A. BACKGROUND AND LEGISLATIVE INTENT

In 1997, the State Legislature approved, and the Governor signed, AB 1484 (Hertzberg), establishing the Commission on Local Governance for the 21st Century (Commission). The members of the Commission included a broad spectrum of constituent groups and perspectives including counties, cities, special districts, educators, industry, and elected officials.

The Commission was charged with evaluating local governance issues and make appropriate recommendations. They were directed to focus special attention to the Cortese-Knox Local Government Reorganization Act of 1985, the 57 Local Agency Formation Commissions (LAFCOs) governed by the Act, and citizen participation in local government.

The results of those efforts were published in Growth Within Bounds (GWB) in January 2000. In GWB, the Commission stated that the role and responsibility of LAFCO is to have a:

> "Comprehensive knowledge of the services available within its county, the current efficiency of providing service within various areas of the county, future needs for each service, and expansion capacity of each service provider.
>
> Although some LAFCOs may have access to such essentials, many do not, and the Cortese-Knox Act offers no mechanism for assisting and encouraging them to gather the basic necessary information. The Commission believes that such provision should be added to the statute.
>
> Information on public service capacity could be gathered as part of the implementation of a new requirement for periodic municipal service reviews. LAFCOs could conduct such reviews prior to or in conjunction with amendments to spheres of influence. A municipal service review would encompass a comprehensive study of each identifiable public service provided by counties, special districts, and the cities in the region.
>
> The review would not focus exclusively on an individual jurisdiction to determine its future boundary or service areas. Rather, it would require LAFCO to look broadly at all agencies within a geographic region that

> provide a service. The review would also include a component that examines the benefits or disadvantages of consolidation or reorganization of service providers.
>
> LAFCOs should be provided flexibility in designating the geographic area to be analyzed, the timing of conducting particular reviews, and the scope of the reviews." (GWB, pages 98-99)

The GWB further states:

> "The focus of the public policy debate should be on the adequacy of provision of services to citizens, not on the number of districts. The commissioners believe that there clearly needs to be an ongoing examination of the efficiency of governmental services, and that LAFCO is the appropriate agency to oversee this review. Where district consolidations or absorption of district functions into general purpose local governments will improve efficiency or transparency of service delivery, they should be aggressively pursued. Consolidating districts solely for the sake of reducing their numbers, however, is a disservice to the citizens who desire the services provided ." (GWB, pages 71-72)

B. Statutory Municipal Service Review Requirements

The State Legislature and the Governor codified much of the Commission's findings and created a formal process that could be used to collect information and evaluate service provision from a broader perspective (Government Code §56430).

Government Code §56430 requires that a review of municipal services be conducted as part of its preparing and updating a sphere of influence (SOI).

> "In order to prepare and to update SOIs in accordance with §56425, LAFCOs are required to conduct a municipal service review of the municipal services provided in the county or other appropriate designated area. LAFCOs must include in the area designated for municipal service review the county, the region, the sub-region, or other geographic area as is appropriate for an analysis of the service or services to be reviewed and, as noted previously, must prepare a written statement of its determination with respect to each of the following:
>
> 1. Infrastructure needs or deficiencies;
> 2. Growth and population projections for the affected area;
> 3. Financing constraints and opportunities;
> 4. Cost avoidance opportunities;
> 5. Opportunities for rate restructuring;

6. Opportunities for shared facilities;
7. Government structure options, including advantages and disadvantages of consolidation or reorganization of service providers;
8. Evaluation of management efficiencies; and
9. Local accountability and governance.

"In conducting a municipal service review, LAFCOs must comprehensively review all of the agencies that provide the identified service or services within the designated geographic area." (Government Code §56430)

In addition, municipal service reviews are to be conducted before, or in conjunction with, but no later than the time it is considering an action to establish (§56430) or update an SOI (§56425 or §56426.5). The Commission also recommended that a municipal service review not replace designations or updates of spheres of influence, but should be conducted in the establishment or amendment of any spheres (GWB, page 99).

C. Municipal Service Review Goals and Objectives

LAFCOs are required to conduct comprehensive reviews of all municipal services provided by agencies with existing or needed SOIs. These reviews become information tools that can be used by LAFCO, the public or local, regional and state agencies based on their area of need, expertise, or statutory responsibility. Municipal service reviews can be used to:

- Promote orderly growth and development in appropriate areas with consideration of service feasibility, service costs that affect housing affordability, and preservation of open space, important agricultural land and finite natural resources; and
- Encourage infill development and direct growth to areas planned for growth in General Plans;
- Learn about service issues and needs;
- Plan for provision of high quality infrastructure needed to support healthy growth;
- Provide tools to support regional perspectives or planning that address regional, cross county or statewide issues and processes;
- Develop a structure for dialogue among agencies that provide services;
- Develop a support network for smaller or ill funded districts that provide valuable services;
- Provide backbone information for service provider directories or inventory reference documents for counties that do not have them;

- Develop strategies to avoid unnecessary costs, eliminate waste, and improve public service provision;
- Provide ideas about opportunities to streamline service provision through use of shared facilities, approval of different or modified government structures, joint service agreements, or integrated land use planning and service delivery programs; and
- Promote shared resource acquisition, insurance policies, joint funding requests or strategies.

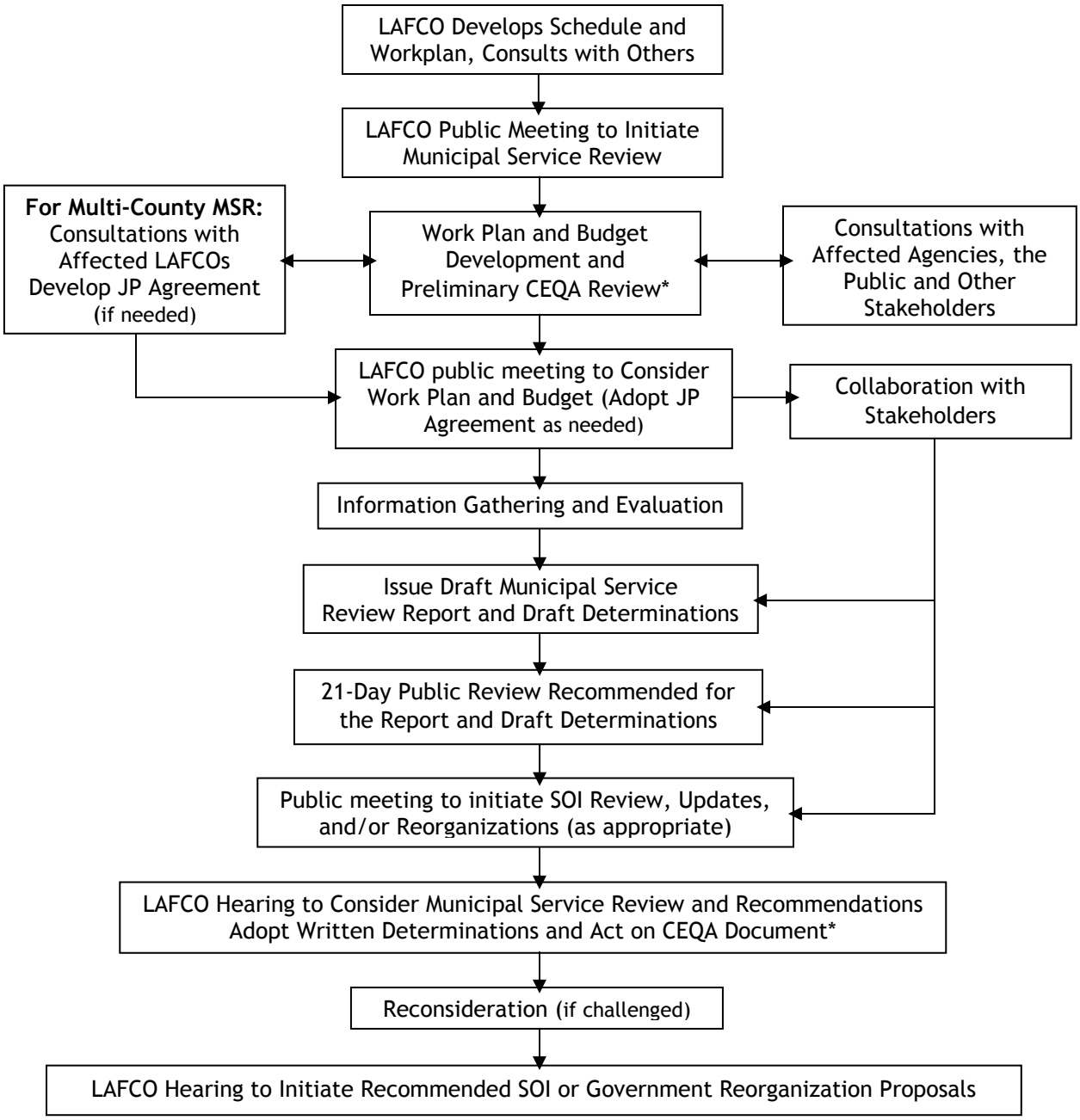
D. IMPLEMENTATION

Effective January 1, 2000, the CKH Act requires that all SOIs be reviewed and updated as necessary but not less than every five years. Therefore, all SOIs, at a minimum, need to be reviewed by January 1, 2006.

Municipal service reviews are required to be completed prior to, or in conjunction with the update or creation of SOIs. This means that all municipal service reviews also need to be completed by January 1, 2006.

APPENDIX E

EXAMPLE OF OPR RECOMMENDED MUNICIPAL SERVICE REVIEW PROCESS



**References to CEQA are placeholders. Refer to the CEQA Guidelines and LAFCOs' adopted Procedures for specific steps.*

APPENDIX F

DATA COLLECTION

The municipal service review is an evaluation of how a service is being delivered in a specified area of a county by the LAFCO. The municipal service review is not an end in its self, but will form the basis of future LAFCO decisions.

Taking a comprehensive look at the services being provider within an area requires effective data collection and maintenance. Even if a LAFCO has not historically kept extensive records, good information management going forward will save time and effort the next time the service is reviewed.

OPR recommends that LAFCO work with service providers in developing the type of information it will use in evaluating the service. Extensive and overly broad information requests will cost money for both the service provider to compile and the LAFCO to review. A solid understanding of the service to be reviewed will allow the information collected to be limited to only what is reasonably necessary to undertake the review.

I. GENERAL INFORMATION COLLECTION STRATEGIES

Some targeted information collection and management options that a LAFCO may wish to consider include:

- Have mentor LAFCOs assist LAFCOs with preparing information collection formats, determining specific needed information, and evaluating compiled information.
- Have mentor districts and cities assist other agencies, especially those that are recently formed or less skilled in data compilation, budgeting, or record keeping, with information compilation.
- Have stakeholders assist with determining information needs, compiling information and initial review, with independent evaluation by LAFCO.
- Use existing information resources as feasible rather than duplicating efforts with LAFCO evaluating information to ensure that it is up-to-date and accurate.
- Augment staff or hire technical consultants to assist with individual reviews.
- Integrate municipal service review information collection with efforts related to land use plan development, urban water management plan development, National Pollution Discharge Elimination programs, State Transportation Implementation Plans, or other capital improvement program development.

- To set the long-term stage for producing municipal service reviews and updating SOIs, LAFCO can become more proactive in exercising its Responsible Agency role in CEQA reviews. This is especially critical for proposals that include amendments to SOIs, or require annexations or district formations as conditions of approval or mitigation measures. LAFCOs can inform planning and/or environmental review departments of municipal service review information and evaluation requirements so that appropriate review is undertaken and efforts are not duplicated.
- Land use agencies can be encouraged to adopt and maintain a General Plan public facilities element. LAFCO would participate to ensure that municipal service review related information is compiled and updated.

II. SPECIFIC INFORMATION SOURCES

A. GOVERNOR'S OFFICE OF PLANNING AND RESEARCH

One important information collection resource is **OPR's General Plan Guidelines** (GPG). The GPG contains a list of state and federal agencies and their web sites (page 28), a list of local, state and federal governmental agencies and the types of information that they acquire and may provide (pages 25 and 26). The GPG can be viewed on OPR's web site at www.opr.ca.gov/.

B. THE STATE CONTROLLER'S OFFICE

The **State Controller's Accounting Standards and Procedures for Counties** (ACPC) contains a list of organizations with contact information, and publications pertaining to budgets and financial practices for all types of agencies (ACPC, Appendix E). Other information pertaining to cities and districts is also available. Information can be accessed on the State Controller's website at www.cso.ca.gov/.

Local and regional growth and population data and projections are available from the following sources.

C. THE STATE DEPARTMENT OF FINANCE (DOF)

The following information is taken from the DOF website at www.dof.ca.gov/html/Demograp/druhpar:

Legislation created the Demographic Research Unit within the Department of Finance in 1951 to serve as the single official source of demographic data for State planning and budgeting. Population data are used to establish appropriation limitations; distribute subvention funds, various Federal program funds, wastewater treatment funds, and other State funds; allocate capital outlay funds; and aid in the planning and evaluation of programs. State agencies and departments, local governments, the Federal government, school districts, public utilities, the private sector, and the

public use demographic data. DOF provides demographic research and analysis, produces publications of current population estimates and future projections of population and school enrollment, and disseminates census data. DOF consults with other government agencies and the private sector.

The **State Census Data Center** (SCDC) was established on January 1, 1979 to serve as the central point for dissemination of census data to State and local government agencies and the general public in California. The SCDC program is a national effort by the U.S. Bureau of the Census designed to increase and improve public access to census statistical products. The SCDC provides services to State Agencies in processing machine-readable data, user consultation, and data analysis and provides user-training workshops upon request. The SCDC library houses a broad spectrum of data sources including the 1970, 1980, and 1990 decennial censuses, the Census of Agriculture, the Economic Censuses, and several special and periodic surveys.

Annual population estimates of the State, counties and cities are provided by the Unit. Information on housing units, vacancies, average household size, components of population change, and special populations are also available. The data is used in determining the annual appropriations limit for all California jurisdictions, to distribute State subventions to cities and counties, to comply with various State codes, and for research and planning purposes by Federal, State and local agencies, the academic community and the private sector.

The Unit projects the State and county population by age, race/ethnicity and sex, K-12 enrollment and high school graduates, and post-secondary education enrollment. As direct inputs to the State Budget, the Unit produces short-term annual statewide projections of the population by age and K-12 Average Daily Attendance.

D. THE REGIONAL COUNCILS OF GOVERNMENT (GOG)

The following information was obtained from the California Association of Regional Councils of Government website.

Up-to-date population and census data can often be obtained from regional COGs. COGs are Joint Powers Authorities that analyze relationships between policies in a local area and their impact on regional issues. Two important COG functions are to serve as the regional transportation-planning agency under state law and as the federal metropolitan (transportation) planning organization (MPO). This involves preparation of long-range transportation plans and, in most instances, development and adoption of transportation improvement programs which allocate state and federal funds for highway, transit and other surface transportation projects.

COGs also provide allocations of regional housing needs to all cities and counties within its boundaries. (Where there is no Council of Governments that duty is carried out by the State Department of Housing and Community Development.) Some COGs tie regional housing allocation or other plans to SOI boundaries. Most COGs prepare

growth and population data needed to support short and long term local and regional planning efforts. Contact data for all California COGs, and other information is available on the California Association of Councils of Governments website at www.calcog.org/.

E. THE DEPARTMENT OF HOUSING AND COMMUNITY DEVELOPMENT

The Policy Unit at HCD is responsible for developing California's five-year Consolidated Plan for receiving certain federal community development funds. As part of the plan, HCD is required to identify impediments to fair housing which includes examining demographics, housing and market conditions and practices, potentially discriminatory practices, infrastructure deficiencies and needs.

For smaller communities HCD prepares the Consolidated plan. Larger communities prepare individual plans which also contain significant information about the current conditions in the areas. HCD's website can be found at www.housing.hcd.ca.gov/.

F. LAFCO INFORMATION RESOURCES

Some LAFCOs maintain data on service providers, and files of previous LAFCO proposals and related research and analysis documents. These may include, but are not limited to, inventories, profiles or directories of local service providers, staff reports, and supporting documents for previous government reorganization actions, such as formations, incorporation, consolidations, and SOI Plans, Amendments, and Updates. Some LAFCO have compiled service provider maps for all or portions of a county.

G. CITY AND COUNTY PLANS, AND REVIEWS

Counties and cities prepare data and plans, which include growth and population projections, and maps that identify areas that are planned to urbanize within 5-20 year periods. Some counties and cities have developed Geographic Information Systems (GIS) Maps. Most cities, counties and special districts can provide copies of short and long-term infrastructure planning documents. Market land absorption studies can often be obtained from real estate associations or private developers.

It is important to discuss plans and other data sources with local planners and service providers before using them to ensure that information is still correct and usable. Plans that may be used to support and simplify the municipal service review process include:

- General Plans. - General Plans identify existing capital facilities/infrastructure, and short and long-term deficiencies or needs. Some land use jurisdictions also adopt an optional public facilities element. All land use, open space,

conservation, circulation, noise, and safety elements may be checked for useful information. The California Chapter of the American Planning Association can be contacted for information on cities and counties with public facility elements or General Plan data that have been recognized as exceptional. Their website is located at www.calapa.org/.

- Capital Improvement Plans or Program Reports. All cities, special districts, counties, and school districts are required to submit an annual capital improvement program to the local planning agency. The program must include a list of proposed projects (§65401). The local planning agency then reviews the capital improvement program for consistency with the pertinent general plan or plans (§65103 [c]). Some cities and counties prepare five to seven year capital improvement programs (CIP) which they update each year and submit to the appropriate planning agency. CIPs generally provide a summary of expenditures budgeted for infrastructure upgrades, acquisitions, rehabilitation, replacement, construction and maintenance.

H. Master Services and Resource Acquisition Plans, Capital Improvement Plans and Service Related Maps

Cities and special district should be able to provide copies of their adopted plans and other information resources.

I. Public Infrastructure Financing Plans and Mechanisms

To qualify or use certain types of financing mechanisms, such as Mello-Roos Assessment Districts, a public agency is required to prepare infrastructure maps and plans as well as growth projections. The agency generally evaluates proposed development plans or projects to determine whether they are consistent with public infrastructure financing plans.

III. PROFESSIONAL ORGANIZATIONS

Professional organizations are excellent resources for information on industry standards and Best Practices. Many produce criteria or maintain information libraries. These organizations can often provide contacts to assist with determining industry standards. The California League of Cities (www.ca.cities.org/), for example, distributes Helen Putnam awards for excellence in financial management and planning, public works and transportation, civic involvement and other categories. The recipients of those awards may be excellent information resources.

A. Other State or Federal Mandated Plans and Permits

Public agencies are often required to obtain permits to construct or operate certain types of public facilities, such as wastewater treatment plants, and adopt plans to

minimize environmental or other impacts of certain types of development. These plans and permits include data and assessments that may assist with the municipal service review process. LAFCOs may contact other agencies to determine if they have service provider specific information or permit data that can facilitate the information gathering process.

Some agencies that might be contacted are:

- State Water Quality Control Board (www.swrcb.ca.gov) (Permits, evaluation criteria).
- Housing Authority (Demographic data, plans and budgets).
- COG and Congestion Management Agency (Regional Housing Allocation Plan, Regional Transportation Plan, Congestion Management Plan.
- County and City Water Departments (NPDES Permit).
- State Department of Conservation (www.consrv.ca.gov/dlrp/index), County (Land Conservation Contracts, important farmland maps)
- State Integrated Waste Management Board (www.ciwmb.ca.gov/local) (County Integrated Waste Management Plan, Hazardous Waste Management Plan)
- State Mining and Geology Board or State Geologist (www.consrv.ca.gov/smmm/index) (Surface Mining and Reclamation Ordinances, Seismic or geologic hazards' maps and plans).
- State Department of Water Resources (wwwdpla.water.gov/cgi-bin/index), State Reclamation Board, county and city water services departments (permits, floodplain maps, flood hazard mitigation plans).
- Coastal Commission (www.ceres.ca.gov/coastalcomm/web) (Local Coastal Element or program).
- Federal Aviation Administration (www.faa.gov), Airport Land Use Commission (Permits, Airport Land Use Plan).
- State Air Resources Board (www.arb.ca.gov), local air pollution control district (State Implementation Plan).
- U.S. Army Corps of Engineers (www.usace.army.mil/whatwedo/statelocal), State Department of Fish and Game (www.dfg.ca.gov/), local planning or public works agency (CEQA mitigation monitoring programs, and Section 404 of the Clean Water Act permits).
- State Controller's Office (www.sco.ca.gov) (annual budgets, audits, definitions and templates for accounting and budgeting practices).

B. OBTAINING COMPARABLE INFORMATION

One obstacle to service focused data compilation and review is data format. Different agencies compile and use information in different ways and for different purposes. This is especially true of budget, service level, and other fiscal information. It is recommended that LAFCOs collaborate with CALAFCO, the CSDA, CSAC and League of Cities on the development of standard budget information formats. While this may not assist with early municipal service reviews, it should improve the process over the long term.

The State Controller divides enterprise districts into seven activities: airport, electric, harbor and port, transit, waste disposal, water utility, and hospital activities. The introduction to each year's Special District Annual Report provides summary budgets for those seven types of districts. Non-enterprise districts are also summarized.

State budget categories can be used to produce budget templates. **Exhibit 10** is a sample budget information format that can be tailored to fit specific municipal service review needs. Alternatively, it may be appropriate to ask enterprise districts to compile budget information using the state's format with additional detail for certain costs and revenue categories. It may be useful to compare data contained in State summaries with that received from enterprise special districts. Information on state formats and documents regarding cities, counties and special districts can be obtained from the State Controller's website at www.sco.ca.gov.

IV. SUMMARY

It is recommended that LAFCOs meet with agencies before information compilation begins to discuss submittal formats or opportunities to obtain descriptive information that makes budget data easier to evaluate and compare. A follow-up meeting after budget data is received is generally helpful. Where possible, stakeholders can be asked to review data, and collaborate on reasonable or appropriate comparison methods.

APPENDIX G

USE OF CONSULTANTS

At times, LAFCO may wish to secure the services of consultants or mentor LAFCOs to assist with municipal service review processing. Consultants can be useful when working under clear direction from LAFCO. Sometimes, the use of consultants is warranted because a LAFCOs' workload may not permit additional time expenditures for municipal service reviews or LAFCO may desire specialized services, which cannot be provided economically in-house. In some cases, a municipal service review may be too complex for LAFCO to independently review all of the needed data or so controversial that a third party may be needed to provide a review that is perceived as more impartial.

Page 20 of the State General Plan Guidelines provides the following guidance on using a consultant:

> The first step in selecting a consultant should be to send to prospective candidate firms a request for qualifications (RFQ) and a description of the consultants' expected role. The RFQ will help narrow the search for qualified consultants. After evaluating the responses, the agency should send a request for proposal (RFP) to the three to five firms, which seem to be the Best Match. Responding to an RFP is costly for consultants, so the RFP should only be sent to those firms, which the agency would consider hiring. The firms with the top responses to the RFP can be interviewed to select the firm best suited to agency's needs, work program, and budget.

LAFCO may wish to advertise the RFP on its own or CALAFCO's website or in the appropriate trade publication. Executive Officers may also communicate with other LAFCOs through CALAFCO's website (http://www.calafco.org/) in order to secure model RFQs, RFPs, contracts or scopes of work that have been used by other LAFCOs. LAFCOs can use pertinent SRG outline sections as a template for developing scopes of work.

APPENDIX H

FUNDING OPTIONS

Prior to January 2001, county governments funded LAFCOs. The CKH Act now provides represetation to all ciites and counties on LAFCO and all share in the funding of LAFCO. If special districts choose to be represented on LAFCOs then they also share in providing funds for LAFCO operations. Although this change increases LAFCO's potential funding resources, it does not set limits for funding or require that special districts participate on LAFCOs. As a result, LAFCOs will need to develop funding strategies and budget the funds necessary to implement municipal service review requirements. It is recommended that LAFCOs develop appropriate funding policies and procedures and include them in their written procedures to ensure consistency and fairness.

There are several municipal service review funding approaches that LAFCOs could consider: They include:

- **Incentives for special district representation on LAFCOs.** LAFCOs could adopt polices requiring LAFCOs to assume responsibility for funding all municipal service reviews only if special districts participate on LAFCOs and a negotiated funding plan is developed. In this approach, LAFCOs would not require the agencies with SOIs to separately fund the municipal service reviews that are a necessary component of SOI actions. Instead, LAFCOs would work with cities and special districts to develop a funding strategy, which could include (1) joint grant or funding applications, (2) reduced rates for fee-based services requested by represented agencies, (3) negotiations among private project proponents and citizens groups for shared funding, or (4) a combination of the other approaches listed in this section. The objectives would be to enhance special districts' LAFCO involvement, and make the municipal service review process as affordable to all agencies as possible including those with very limited funding resources.
- **Integration with General Plan Budgets and Processes.** If a General Plan is in-process, LAFCOs would work with planning staff to scope and design the General Plan update process in a manner that facilitates some municipal service reviews. General Plan public facilities' discussions would be designed to include information required for municipal service reviews in a format useful to the development of written municipal service review determinations. To ensure objectivity, LAFCO would reserve the right to independently verify or confirm General Plan information. The advantage of this approach is that it eliminates duplication of effort and makes General Plan technical experts available to LAFCO.
- **Distribute costs among reviewed agencies.** Municipal service review costs would be shared by all agencies (1) with SOIs and (2) included in the municipal

service review studies. Costs could be allocated based on size of districts, size of budgets, sources of revenue or other options with consideration of ability to pay and as negotiated by LAFCO. Agencies could lobby agencies included in the review but exempted from CKH Act SOI requirements, such as Joint Powers Authorities or metropolitan water districts, to contribute a fair share because their service users ultimately benefit from the reviews.

- **Augment LAFCO's budget to include funding for all municipal service reviews.** LAFCOs would assume responsibility for 100% of municipal service review costs. Costs would be spread among all special districts, cities and the county based on the negotiated LAFCO funding mechanism.
- **Negotiate on a case-by-case basis.** LAFCO would develop a cost estimate, review specific circumstances and negotiate a plan to share funding costs. The negotiated plan could include strategies for agencies under review to loan technical staff, compile information, donate the use of office space and conference rooms, or provide other resources which may reduce LAFCO's costs. LAFCOs could consider crediting donations of staff time as in lieu processing fees.
- **Develop different funding strategies for staged reviews.** Various review stages could be funded differently. A Stage 1 review could be funded by the LAFCO. Service providers could fund Stage 2 and 3 reviews especially if it appeared that alternative government structure options were under consideration. Another option would apply to reviews that are not staged.
- **Incentives for self-initiation**. LAFCO would develop incentives for entities to share municipal service review costs. For example, any agency requesting a review and agreeing to assist in the funding could be entitled to priority processing and funding of pending proposals or needed SOI amendments or updates. Service providers that have initiated service studies, SOI updates, or consolidations and are cooperatively compiling information could receive a credit. Alternatively, service providers could scope the project, develop a timeline, and provide preliminary information and a funding match. The product could be submitted to LAFCO for costing and for public and other agency review. In case LAFCO or other service providers disagree with the approach and/or cost, they could reserve the right to withdraw the proposed study.
- **Project proponents pay.** Public and private proponents of pending proposals that cannot be processed without the municipal service review bear reasonable processing costs.

APPENDIX I

EXAMPLE - COMMUNITY SERVICES DISTRICT PROFILE

District: **El Dorado Hills Community Services District**
Address 1021 Harvard Way, El Dorado Hills, CA 95762
Meeting Schedule Monthly – Second Thursday, 7:30 p.m.

CONTACT	Wayne A. Lowery	TITLE	General Manager
PHONE	916 / 933-6624	FAX	916 / 933-6359
ALT PHONE		E-MAIL	edhcsd@eldoradohillscsd.org

BOARD OF DIRECTORS	TITLE	TERM OF OFFICE
Ann M. Murray	President	12/96 – 12/2000
Brett McFadden	Vice President	12/98 – 12/2002
Constance Hasting	Director	12/98 – 12/2002
F. J. Leslie	Director	12/96 – 12/200-
Tony DiGaetano	Director	12/98 – 12/2002

DISTRICT STAFF

NAME	TITLE
Wayne A. Lowery	General Manager
Robert Thurbon	Legal Counsel

FORMATION INFORMATION

LAFCO
Resolution #: Boundary Commission Report
Date Adopted: 2/5/62

CONDUCTING AUTHORITY
Resolution #: 98-62
Date Adopted: 5/21/62

EFFECTIVE FORMATION DATE: Unknown
Recorded:

SOI
Resolution #: 83-04
Date: 4/7/83

MAPPING
GIS Date: 5/28/98
Other:

Major Facilities / Stations
Yes

Purpose

1. Enabling Legislation: Gov. Code §61000 - §61936
2. Empowered Services: Water, Fire, Parks, Recreation, Sewer, Garbage, Lighting, Landscaping, Mosquito Abatement, Police, Library, Roads and Bridges, Cable Television, Electricity, CC&R Enforcement.
3. Provided Services: Parks and recreation, CC&R enforcement, street lighting and landscape, solid waste management, cable television services

Area Served

1. Area Size: 22.5 +/- square miles
2. Supervisorial District
3. Registered Voters: 10,592
4. Estimated Population: 17,200
5. Location Description: Located west of Cameron Park to the Sacramento County line in the El Dorado Hills Area

Financial Information

Assessments/Fees: Per Parcel: $10 (CC&R Enforcement)
Other Fee Schedules: Light/Landscaping – Call District for Assessments
1998-99 Budget: $1,120,861
Appropriation (GANN) Limit: $1,980,759

Administrative Policies

Master Plan: Yes
Policies & Procedures Adopted: Yes
By-laws Adopted: No
Encroachment Permit Process: N/A
ISO Rating (for Fire Providers)

NOTES: Supervisorial Districts I and IV

APPENDIX J

EXAMPLE - CITY PROFILE

CONTACT PERSON: David Mora, City Manager

ADDRESS: 200 Lincoln Avenue, Salinas, CA 93901 — Phone: 831 / 758-7201, FAX: 831 / 758-7368

DATE OF AGENCY FORMATION: March 4, 1874

ENABLING LEGISLATION: City Charter; Government Code §34450

GOVERNING BODY: Seven (7) member Council elected at large; four (4) year terms; Mayor two (2) year terms

MEMBERSHIP:

	TERM EXPIRES:
Anna Caballero, Mayor	November, 2002
Ernesto Gonzales	November, 2004
Roberto Ocampo	November, 2002
Janet Barnes	November, 2002
Jyl Lutes	November, 2002
Jan Collins	November, 2002
Gloria de la Rosa	November, 2004

COMPENSATION: Mayor - $800/month; Council Members - $600/month

PUBLIC MEETINGS: Generally meets 1st, 2nd and 3rd Tuesdays at 4:00 p.m. and 7:30 p.m. in City Council Chambers Rotunda

SERVICES PROVIDED: Non-contractual: police, fire, library, recreation and parks, community center, public works including street maintenance and sweeping, building inspection, sewage collection, library service, comprehensive planning and land use control.
Contractual: First aid and ambulance service, solid waste disposal, and rural fire service

AREA SERVED/ POPULATION: 18.5 square miles
151,060

STAFFING: 595 employees

	Actual 1997-98	Actual 1998-99	Actual 1999-00	Budget 2000-01	Budget 2001-02
EXPENDITURES	45,543,578	49,283,477	49,148,889	53,906,300	61,412,700
CAPITAL/FIXED ASSETS:	398,952	652,598	474,848	307,600	531,300
PROPERTY TAX:	6,886,697	7,334,259	7,827,998	7,721,000	8,291,000
USER FEES:					

APPENDIX K

EXAMPLE - SPECIAL DISTRICT POWERS COMPARISON CHART

PUBLIC UTILITY DISTRICTS

Principal Act: Public Utilities Code, §15501-18055

POWERS/FUNCTIONS/SERVICES	Donner Summit PUD	Truckee Donner PUD
Acquire, construct, own, operate, control, or use works for supplying district inhabitants with:		
1. Light		
2. Power		✓
3. Heat		
4. Water	✓	✓
5. Transportation		
6. Telephone service		
7. Other means of communication		
8. Means for disposition of garbage or refuse matter		
9. Means for disposition of sewage	✓	
Acquire, construct, own, complete, use, and operate:		
10. Fire department:†		
10.1 Fire protection	✓	
10.2 Rescue	✓	
10.3 Emergency medical services	✓	
10.4 Hazardous material emergency response	✓*	
10.5 Ambulance services	✓	
11. Street lighting system		
12. Public parks & playgrounds, golf courses, public swimming pools, public recreation buildings		
13. Buildings to be used for public purposes		
14. Works to provide for drainage of roads, streets and public places (e.g., curbs, gutters, and sidewalks)		
15. Pavement of streets		

† *§16463.5 (a) of the Public Utilities Code provides: "A district may exercise any of the powers, functions, and duties which are vested in, or imposed upon, a fire protection district pursuant to the Fire Protection District Law of 1987, Part 3 (commencing with Section 13800) of Division 12 of the Health & Safety Code."*

* Hazardous Materials First Response—Operational Level (Defensive Mode), required of all fire protection districts.

Active powers for each district are indicated by check marks. Exercise of any other power requires prior approval by LAFCo.

Courtesy of Nevada LAFCO

APPENDIX L

EXAMPLE - SOI STATUS LOG

District	Ref. No.	Type or Action	Acreage	Date	Type of Service and Miscellaneous Information
Alpine Fire Protection District	S183-9	Larger than	Dist. = 19 sq. miles Add'l – unknown	4-4-83	***Fire Protection***. Adopted in conjunction with East County Fire Protection Agencies Spheres of Influence Study and "Formation of the Rural FPD" (DF82-2). Additional territory located north, east, and south of District boundary.
		Add to sphere	2± sq. miles	11-5-84	***Resolution of McCain/Viewside Special Study Area***: Some territory also added to spheres for Lakeside FPD and Crest FPD (now part of East County FPD).
Alpine Sanitation District	SI83-24	Larger than	Dist = 616 acres Add'l = unknown	11-7-83	***Sewer Service***. Four additional areas are included in the sphere: three are residential communities, located along the District's southern boundary at the western corner, center and eastern corner that are served by private septic systems; the fourth is adjacent to the District's non-contiguous territory located north and west of the main portion of the District, and designated for commercial and industrial development. All sphere territory is contained within the Country Town boundary.
	SA86-2 (see DA85-1)	Add to Dist. & sphere	238.32 acres	2-3-86	***"Lively Annexation" (DA85-1):*** TM to develop 333-unit mobile home park.
Bonita-Sunnyside Fire Protection District	SI84-7	Larger than	Dist. = 7.5± sq. miles Add'l = 7.5± sq. miles	7-1-85	***Fire Protection:*** Sphere essentially coterminous on west; additional territory is primarily located east of current District boundary.

APPENDIX M

MULTI-COUNTY LAFCO REVIEW

LAFCO should consult with other affected LAFCOs when developing a schedule and work plan for proposed municipal service reviews. An affected LAFCO is a LAFCO for a county other than the principal county that is conducting the municipal service review. This is especially important for municipal service reviews which may lead to the consideration of proposals that have the potential to cause significant environmental, fiscal or economic impacts on the other county.

A. DEVELOPMENT OF MUNICIPAL SERVICE REVIEW BOUNDARIES CAN TRIGGER MULTI-LAFCO REVIEWS

- Municipal service reviews may involve more than one LAFCO because the CKH Act states, "the commission shall include in the area designated for municipal service review the county, the region, the sub-region or other geographic area as is appropriate for an analysis of the service or services to be reviewed…" To comply with this directive, LAFCO may need to develop service study area boundaries which cross county lines. Some examples of cases where LAFCOs may encounter cross-jurisdictional issues include:
    - When service or study areas are located in more than one county;
    - When multi-county special districts or multi-county joint powers authorities are involved in providing the service under review; and
    - When expected recommendations or determinations may lead to actions that significantly impact more than one county.

B. COORDINATION OF MULTIPLE-LAFCO REVIEWS

OPR recommends that LAFCOs work together to develop a schedule and plan for managing cross-county municipal service reviews. The following are examples of reviews that may be facilitated though joint agency agreements.

Example 1: LAFCO A is developing a municipal service review study of reclamation districts, levee maintenance and other districts that provide flood control planning and implementation services and for which it approved SOIs in 1986. During a stakeholder meeting, LAFCO A learns that two of the affected reclamation districts belong to a JPA. The JPA is assessing the districts' residents for projects to strengthen the levees owned and maintained by the districts, and is constructing them. The JPA serves two counties, and residents from both of those counties pay the assessments. LAFCO A needs to contact LAFCO B and involve that LAFCO in the municipal service review process.

Example 2: LAFCO A is developing a municipal service review study of fire and emergency service districts on the western edge of County A. While conducting initial research, LAFCO A learns that Fire District A has a contract to serve a 1,000-acre development on the eastern edge of County B. District A is providing first response to several thousand additional acres in County B with approximately 11,000 dwelling units. None of the fire service providers in County B intend to serve those residences, and County B's General Plan states that it will contract with District A for additional services needed in the eastern county. District A is funded solely through property taxes, and permit fees. Residents in County B are paying for Fire District B's services. LAFCO A needs to contact LAFCO B and involve that LAFCO in the municipal service review process.

BENFITS OF AGREEMENTS

Joint power agreements may provide the following benefits:

- Cooperation and shared decision making efforts may reduce municipal service review processing time and costs, and enhance information gathering and municipal service review funding plans;
- Offers opportunities to identify broader range of strategies to avoid adverse environmental, economic and social impacts;
- Avoids duplication of efforts and maximizes efficient use of government resources;
- Streamlines the public review and public hearing processes;
- Provides unique funding opportunities for regional collaborations. (§56378 specifically permits a Commission to request or accept financial or other assistance from another agency when conducting studies.)

Example 3: LAFCO A is developing a municipal service review study of water supply services. The study boundary has been drawn to include all districts receiving surface water supplies from Reservoir A. Some districts share distribution facilities; some do not. Study boundaries include two districts in County B, and one cross-county district that serve Counties B and C. LAFCO A needs to contact LAFCOs B and C and involve those LAFCOs in the municipal service review process.

C. JOINT POWERS AGREEMENTS

One approach for efficiently coordinating multi-county municipal service reviews is to enter into a joint powers agreement that could be applied to the subject review as well as any other cross-county reviews that are identified.

LAFCOs do not need to create a separate agency to implement a Joint Powers Agreement. The agreement only has to provide for joint exercise of certain powers common to each LAFCO. LAFCOs can set specific timeframes for the duration of the agreement or define methods for termination by either party.

A sample LAFCO Joint Powers Agreement to conduct cross-county municipal service reviews is in the attached Exhibit.

After evaluating Nevada/Placer and Alameda/Contra Costa LAFCOs' Joint Powers Agreement processes for reorganization proposals that cross-county boundaries, the

Commission on Local Governance commended the joint agreement approach with the following statement:

> These agreements allow an expedited determination of which LAFCO will assume jurisdiction over a proposal and may thereby avert unnecessary hearings or delays. Perhaps as important, they facilitate dialogue among adjoining LAFCOs, thereby providing more comprehensive guidance to applicants, ensuring consistency in the decision-making process of participating LAFCOs, and developing a regional perspective on issues (Growth Within Bounds, page 79).

Once LAFCO decides a cross-county municipal service review may be appropriate, OPR recommends early consultations begin with all relevant LAFCOs. Even if it is decided later not to undertake a joint review, at a minimum, LAFCO can share information and technical expertise gained in the municipal service review process.

D. Determining the Lead LAFCO

If LAFCOs decide to proceed with a joint review, or agreement to conduct a joint review, they will need to determine which LAFCO should lead the municipal service review. The CKH Act (§56066 and §56388) currently contains guidance for determining which LAFCO should assume the principal role for an organization or reorganization. While this section does not specifically apply to municipal service reviews, it does include guidance for determining which LAFCO could serve as the Lead LAFCO for a municipal service review.

Government Code §56066 defines the term, "Principal County," as "the county having all or the greatest portion of the entire assessed value, as shown on the latest equalized assessment roll of the county or counties, of all taxable property within a district or districts for which a change of organization or reorganization is proposed."

The CKH Act also provides a means for delegating the lead role when a change of organization or reorganization is proposed. Section §56388 provides that the commission of the principal county can vest jurisdiction in another LAFCO subject to the agreement of the LAFCO assuming jurisdiction. For municipal service reviews, LAFCOs may choose their own options based on experience, desire to lead or other factors. Options for determining roles should be included in the joint powers agreement where applicable.

E. Steps for Conducting a Joint Review

The following steps may be used as a model for conducting a joint LAFCO review.

Step 1. When a municipal service review is undertaken which involves (1) a service area that is located in, or affects, more than one county, and/or (2) involves multi-

county special districts or joint powers authorities, the Lead LAFCO should initiate municipal service review design processes for the review.

Step 2. The Lead LAFCO notifies, and consults with, any affected or potentially Responsible LAFCOs. The intent is to determine whether a joint review is needed, and if so, identify a strategy for conducting it.

Step 3. Once it is determined that a joint municipal service review should be conducted, the Lead and Responsible LAFCOs should negotiate a funding plan which (1) provides for funding by a single or combination of service providers, private entities, state, federal or local funding resources, (2) assigns each LAFCO responsibility for funding in proportion to the percentage of the service area included in the municipal service review, (3) splits equally the cost of operation of the Joint Commission and any fees received to reimburse those costs; (3) requires funding by the LAFCO, city, county, special district or private entity that desires to conduct the review; or a combination of funding strategies consistent with applicable Government Codes[2].

Step 4. The Lead LAFCO should be assigned to serve as municipal service review manager and be responsible for administrative and technical support for the project, subject to the funding plan developed in Step 3. A Responsible LAFCO may assume the Lead LAFCO role subject to the agreement of the Executive Officers, the individual Commissions, or a Joint Commission if one is formed (see attached exhibit). The latter arrangement may be preferable if the Responsible LAFCO is more experienced than the Lead LAFCO, or is already conducting a similar review in another part of its county.

Step 5. The Lead LAFCO will work with the Responsible LAFCO to determine and define the technical support to be provided by the Responsible LAFCO, and any contractor assistance, if applicable.

Step 6. The municipal service review management, staff support and funding plans should be reviewed, modified and approved by each Commission before the municipal service review is initiated.

Step 7. All phases of the joint review should be conducted.

Step 8. Municipal service reviews should be considered and written determinations rendered by the Joint Powers Authority.

[2] Subsection 9 includes some possible funding options..

F. EXHIBIT: JOINT POWERS AGREEMENT FOR THE CONDUCT OF MUNICIPAL SERVICE REVIEWS TEMPLATE

Resolution No: _____

JOINT POWERS AGREEMENT

For the
Conduct of Municipal service reviews

Between _____ and _____.

WHEREAS, the _____ Local Agency Formation Commission ("_____ LAFCO") and the _____ Local Agency Formation Commission ("_____ LAFCO"), hereafter referred to as the "Commissions", are public agencies of the State of California, and are authorized, pursuant to Cortese-Knox Hertzberg Local Government Reorganization Act of 2000 (Government Code §65000 et sequitur), to enter into joint powers agreements to exercise powers common to said agencies; and

WHEREAS, §56375 (q) specifically permits LAFCOs of adjoining counties to enter into joint arrangements for the purpose of determining procedures for the considerations of municipal service reviews that may affect the adjoining county or where the jurisdiction of an affected agency crosses the boundary of the adjoining county; and

WHEREAS, §56430 requires that LAFCOs conduct municipal service reviews prior to, or in conjunction with, consideration of actions to establish a Sphere of Influence (SOI) as defined in §56076, and in accordance with §56425 or §56426.5, or update an SOI pursuant to §56425; and

WHEREAS, as part of such reviews, LAFCOs must make written determinations regarding government structure options, including the advantages and disadvantages of consolidation or reorganization of service providers; and

WHEREAS, some required municipal service reviews may include service areas that cross county boundaries, or services provided by agencies that cross county boundaries or multiple service providers located in different counties; and

WHEREAS, the Commissions recognize that decisions based on municipal service reviews and made by each affected LAFCO may have the potential to cause significant environmental, economic or fiscal impact on the other's county; and

WHEREAS, cooperation and shared decision making efforts may serve to lessen or avoid such impacts; and

WHEREAS, the subject counties possess multi-county special districts and that jurisdiction over change of organization proposals for such districts, as defined in §56069, normally resides in the "principal county" of such district, even where the change occurs wholly in the other county; and

WHEREAS, municipal service reviews are not considered proposals, pursuant to §56069, but include recommendations or determinations that may encourage proposals, or are precursors to actions that are considered proposals; and

WHEREAS, §56378 specifically permits a Commission to request or accept financial or other assistance from another agency when conducting studies; and

WHEREAS, the two Commissions desire to jointly design, conduct and consider municipal service reviews to ensure effective evaluation of issues affecting all counties and all service providers; and

WHEREAS, the two Commissions desire to conduct reviews that avoid duplication of efforts and maximize efficient use of government resources;

WHEREAS, the two Commissions desire to ensure greater cooperation among the Commissions and affected service providers in actions that have effects in both counties;

NOW, THEREFORE, be it resolved that _____ LAFCO and _____ LAFCO, in consideration of the mutual promises, covenants and conditions contained herein, agree as follows:

1. Definitions.

Certain terms used in this agreement shall have the meanings as provided in this section. All other terms shall have the meaning as provided in the Cortese-Knox-Hertzberg Local Government Reorganization Act of 2000 (§56000 *et seq.* of the Government Code), if applicable:

(a) "Affected County" - The county in which the service providers or territory evaluated in the municipal service review is located.

(b) "Lead LAFCO" - The LAFCO with primary responsibility for conducting a municipal service review affecting more than one county.

(c) "Principal LAFCO for Municipal Service Reviews" - The LAFCO with the lead responsibility for a municipal service review. Lead responsibility can be determined pursuant to the CKH definition of a Principal LAFCO as it applies to government organization or reorganization actions, by negotiation, or by agreement among two or more LAFCOs.

(d) "Responsible LAFCO" - The LAFCO other than the Lead LAFCO that may be impacted by recommendations, determinations or subsequent proposals elicited during a municipal service review being initiated or considered by the Lead LAFCO.

2. Agreed Notice and Consultation on All Municipal Service Reviews That Involve or May Impact More than One County.

(a) The Lead LAFCO shall notify the Responsible LAFCO of any municipal service review being considered by the Lead LAFCO which includes: (1) a service area that includes a Responsible LAFCO's county; (2) involves multi-county special districts or joint powers authorities; or (3) has the potential to significantly impact the county of the Responsible LAFCO. This notice requirement applies to all municipal service reviews that affect more than one county, not just those involving multi-county districts.

(b) A Responsible LAFCO will inform a Lead LAFCO of any circumstances which elicit a priority status for municipal service reviews that it believes should be initiated by that LAFCO. The Commissions will provide a reasonable opportunity for the other LAFCOs to respond to such notice.

(c) All LAFCOs will consult with affected LAFCOs when scoping a proposed municipal service review.

(d) Municipal service reviews, with the potential for significant impact on another county, are reviews that may lead to the consideration of proposals that have the potential to generate significant environmental, fiscal or economic impacts on the other county.

3. Treatment of Municipal Service Reviews.

(a) Where a municipal service review is proposed which involves (1) a service area that is located in more than one county, (2) involves multi-county special districts or joint powers authorities, or (3) has the potential to significantly impact more than one county, the project shall be initiated by the Lead LAFCO.

(b) The Lead and Responsible LAFCOs shall negotiate a funding plan which (1) provides for funding by a single or combination of service providers, private entities, state, federal or local funding resources, (2) assigns each LAFCO responsibility for funding in proportion to the percentage of the service area included in the municipal service review, (3) splits equally the cost of operation of the Joint Commission and any fees received to reimburse for those costs; (3) requires funding by the LAFCO that desires to conduct the review; or (4) a combination of funding strategies consistent with local Ordinances and applicable Government Codes.

(c) The Lead LAFCO shall serve as project manager and be responsible for administrative, technical and clerical support for the project, subject to the funding plan developed in (b) above.

(d) The Lead LAFCO will work with the Responsible LAFCO to determine and define the technical support to be provided by the Responsible LAFCO, and any contractor assistance if applicable.

(e) A Responsible LAFCO may assume the Lead LAFCO role subject to the agreement of the Executive Officers, or if specifically designated Lead Agency by the Joint Commission.

(f) The project management, staff support and funding plans shall be reviewed, modified and approved by each Commission before the municipal service review is initiated.

(g) Municipal service reviews shall be considered and written determinations rendered by the Joint Commission.

4. Operation of the Joint Commission.

(a) The Joint Commission shall be composed of the Commissioners of the LAFCOs subject to this Agreement. Alternates may substitute for their Commissioners on the Joint Commission in the same manner as for regular commission meetings.

(b) Four commissioners from each county must be present to form a quorum, and action of the Joint Commission shall be by majority vote of those present, regardless of county of origin. A tie vote shall be a negative vote on the action. A tie vote may be broken by a second vote.

(c) The Chairman of the Lead LAFCO shall serve as the Chairman of the Joint Commission, and the Joint Commission shall normally meet at the time, date and place specified for regular meetings by the Lead LAFCO, unless otherwise determined.

(d) The Executive Officers shall jointly develop staff reports and provide support functions for the Joint Commission pursuant to 3(e). Legal Counsel for the Commissions shall jointly provide legal advice, unless the Joint Commission agrees to use only one of the Counsels.

(e) Except as specifically provided herein, or required by its joint character, the Joint Commission shall operate in the same manner as a regular LAFCO, and have all of the powers that either LAFCO could exercise individually.

5. No Separate Agency Created.

The parties do not intend to create a separate agency by this Joint Powers Agreement, but to merely provide for joint exercise of certain powers common to each LAFCO.

6. Accounting for Funds; Property.

No separate accounts or property are contemplated as part of this JPA. Each Commission shall be provided with monthly statements of any costs to be shared for their review and approval.

7. Term.

(a) This JPA shall remain in force and effect until terminated by either party by resolution, upon six months prior written notice.

(b) Any municipal service reviews in process at time of termination shall continue to be subject to the terms of this JPA until LAFCO action is completed, but this JPA shall have no effect on municipal service reviews initiated after the date of termination.

8. Amendment.

This agreement may be amended by subsequent agreement of the parties.

This agreement is executed by the undersigned officers pursuant to authority granted by resolution of their respective Commissions:

_____Local Agency Formation Commission

Dated: _____, 200_ _____
_____, Chair

_____Local Agency Formation Commission

Dated: _____, 200_ _____
_____, Chair

APPROVED AS TO FORM:

_____ _____
_____, Counsel _____, Counsel
_____LAFCO _____ LAFCO