

**MINUTES
SPECIAL MEETING OF THE
LOCAL AGENCY FORMATION COMMISSION
MUNICIPAL SERVICE REVIEW WORKING GROUP
AND SPECIAL DISTRICTS ADVISORY COMMITTEE
MONDAY, APRIL 7, 2003**

LAFCO Chairwoman Dianne Jacob (LAFCO Commissioner-County) convened the special meeting of the Local Agency Formation Commission, Municipal Service Review Working Group, and the Special Districts Advisory Committee at 9:30 a.m. At the request of Chairwoman Jacob, separate roll calls were conducted to establish individual quorums for the San Diego Local Agency Formation Commission, Municipal Service Review Working Group and the Special Districts Advisory Committee. Present were:

LAFCO Commission: Commissioners: Supervisor Dianne Jacob (County), Councilmember Patty Davis (Cities), Councilmember Donna Frye (City of San Diego), Councilmember Jill Greer (Cities), Bud Pocklington (Special Districts), Andrew Vanderlaan (Public-at-Large) and Ron Wootton (Special Districts); Alternate Commissioners Harry Mathis (Public-at-Large) and Andrew Menshek (Special Districts). Absent were: LAFCO Commissioner – Supervisor Bill Horn (County); and Alternate Commissioner – Supervisor Greg Cox (County).

Special Districts Advisory Committee: Gary Arant (Valley Center MWD), Barbara Barber (Helix WD), Harry Ehrlich (Olivenhain MWD), Ron Fuller (Alpine FPD), Judy Hanson (Leucadia CWD), Darrell Jobes (East County FPD), Keith Lewinger (Fallbrook PUD), Jo MacKenzie (Vista ID), John Pastore (Rancho Santa Fe CSD), Tom Pocklington (Bonita-Sunnyside FPD), Dennis Shepard (North County CD), James Wolniewicz (South Bay ID). Absent was: Raymond Cruz (Vallecitos WD).

Municipal Services Review Working Group: Chairman Andy Vanderlaan (LAFCO Commissioner-Public), Vice Chairman Harry Ehrlich (Special Districts Advisory Committee), Councilmember Patty Davis (LAFCO Commissioner-Cities), Supervisor Dianne Jacob (LAFCO Commissioner-County), Andy Menshek (LAFCO Commissioner-Special Districts), Jo MacKenzie (Special Districts Advisory Committee), Paul Malone (Ad Hoc Cities Advisory Committee), and Penny Riley (Ad Hoc Cities Advisory Committee)

Also present were **LAFCO Staff:** LAFCO Executive Officer Michael Ott and Local Governmental Analyst Shirley Anderson.

Item 2
Executive Officer's Agenda Revisions

Michael Ott indicated there were no revisions to the agenda.

Item 3

Discussion and Concurrence on Process for Conducting Special Meeting

Mr. Ott recommended that the three groups deliberate separately to provide advice and recommendations to staff, and also deliberate separately on staff's recommendations for the Municipal Service Review Strategy (Item 6). Mr. Ott suggested that the Special District's Advisory Committee deliberate first, followed by the Municipal Service Review Working Group, and then the Local Agency Formation Commission. Mr. Ott discussed the operating rules that establish a quorum for each group and for voting on motions for items on the agenda. Mr. Ott said there were several ministerial items on the agenda, and suggested those items be deferred to LAFCO's Chairwoman Dianne Jacob to facilitate. Mr. Ott said these include Items 4 and 5, as well as Item 2, which had already been heard. Mr. Ott said that several members participating in the special meeting serve on more than one committee or commission, and those members would participate in the discussions and vote on the portion of the agenda for each committee or commission on which they serve.

Item 4

Introduction of Commissioners, Members of the Municipal Service Review Working Group and Special Districts Advisory Committee

At the request of Chairwoman Jacob, the members of each group introduced themselves, indicating which group or groups they serve on and the capacity in which they serve. Chairwoman Jacob thanked the members of all three groups and indicated that this occasion whereby all three groups were meeting collectively is unique, and indicated the purpose of the meeting is for individual consensus from the three groups regarding the municipal service review process and the MSR Guidelines.

Item 5

Municipal Service Review Update and Workshop

Mr. Ott said that LAFCO has spent approximately one year preparing and implementing municipal service reviews. He said it is now appropriate to review staff's progress with all three groups, as well as to discuss the Municipal Service Review Strategy (Item 6) regarding how to organize and analyze the collected data so it will benefit overall service delivery. Mr. Ott gave an explanation of municipal service reviews, indicating they are information reports that will allow the public and affected agencies to better plan and accommodate the population growth that is occurring in San Diego County. Mr. Ott presented a PowerPoint presentation regarding municipal service reviews.

Item 6

Municipal Service Review Strategy

Mr. Ott introduced Shirley Anderson who discussed the six strategies identified for conducting and using municipal service reviews, which are Scope of Work, Requests for Information, Service Review Time Frame, Regional View, Level of Inquiry and Data Accuracy.

Chairwoman Jacob asked for questions from the members of the three groups. Tom Pocklington asked how long the process takes. Mr. Ott indicated that the service review process should take approximately one year to complete.

Councilmember Greer asked how the municipal service reviews would be incorporated into San Diego Association of Governments (SANDAG) plans given that growth will occur around transit corridors and in areas that may not have the infrastructure to support growth. She asked how LAFCO is coordinating the ability to support this growth and ensuring SANDAG's plan is consistent with the findings of the different service reviews. Mr. Ott responded that LAFCO has met with SANDAG's staff to be certain the municipal service reviews will be conducted in a manner that will have value to SANDAG and vice versa. He said LAFCO's process will be integrated with SANDAG's. Mr. Ott said it is essential to have dialog with SANDAG to make sure the programs are compatible.

Commissioner Wootton indicated that in discussions with the Office of Planning and Research Working Group it was thought the determination that has the most potential for getting "bogged down" is the one relating to management efficiencies. He said management of service should be reviewed – not internal management. Mr. Wootton asked what has been the experience in requesting information dealing with management efficiencies. Mr. Ott said the process is working well, but that it is not an easy process. He said the process is driven by the level of cooperation received from the agencies involved in the service reviews. He said LAFCO staff is looking at both the internal and external components of management efficiencies because there is some correlation to local governance and accountability issues. He said there is cross linkage among the nine determinations, and that staff would be remiss if they did not look into some of the internal aspects of management efficiencies. He said that the target of the service reviews is the overall region or sub-region, and how services are provided.

Harry Ehrlich requested that Mr. Ott explain the public input and review process of a municipal service review, and indicated that an important part of the Hertzberg bill is public review and comment. Mr. Ott said staff is conducting meetings, through an open meeting forum of a subcommittee of the commission for the municipal service review of Southern San Diego County, to obtain input and participation from the public and the agencies involved in the process. Mr. Ott said once LAFCO is finished conducting the municipal service review there would be another level of participation when the service review is brought forward to the Commission. Mr. Ott said that LAFCO is involving the public and agencies in all aspects of the service review.

Jose Lopez, President of the Otay Water District Board of Directors, addressed the special meeting urging the members to provide assistance to LAFCO staff regarding the future direction of municipal service reviews. He said the Otay Water District supports the municipal service review and compliments LAFCO staff for their initiative. He said Otay Water District has worked closely with LAFCO staff to prepare the most complete record possible, in order to ensure the process is comprehensive and meets the requirements of the Cortese/Knox/Hertzberg Act. He indicated Otay Water District produced three volumes of responses, totaling 845 pages. He said Otay Water District wants the service review process to succeed, and has been doing everything they can to assist in this effort. He said that now the District needs the direction and support necessary to keep the service review process focused on producing the appropriate

determinations required by the enabling legislation. He said the District also urges that unnecessary multiple requests for information and updates or efforts to highlight extraneous or irrelevant information that is not germane to the service review process cease. He indicated the District is a willing and active participant and will continue to be so. He said the District is confident that the LAFCO service review will produce positive results, and that the District looks forward to the findings of the service review, and is prepared to follow the recommendations to improve services to district customers.

Special Districts Advisory Committee Deliberations

Chairman Harry Ehrlich opened the Special Districts Advisory Committee discussions on staff's report and recommendations.

Gary Arant commented that he served on the OPR Working Group to help develop the draft implementation municipal service review guidelines, and had the pleasure of collaborating with Harry Ehrlich and Michael Ott through the State of California's Working Group. He said the municipal service review strategy and the local implementation guidelines developed by LAFCO have avoided many of the pitfalls that he noted in the statewide guidelines. He said San Diego LAFCO has limited their scope to objective issues of service rather than subjective concerns that are difficult to define and to reach conclusion. Mr. Arant said that the approach is to minimize the amount of data being collected, direct focus on the objective issues and translate this information into comparative data. He commented that San Diego LAFCO's service review process is "far ahead of the rest of the State" in the process of development and implementation. Mr. Arant said he encourages other LAFCOs throughout the State to look at San Diego LAFCO's municipal service review process.

Ron Fuller commented on concerns regarding potential revenue reductions for agencies. He said that as a first responder agency, his district cannot reduce costs and still provide essential emergency services. Mr. Fuller said that, as he understands it, there is a fee associated with municipal service reviews. He said the smaller special districts do not have financial or staffing resources to be impacted by cost and implementation demands of a municipal service review, and preparation of data that may be required.

Mr. Ott responded that LAFCO is approaching service reviews and the sphere updates for fire agencies differently. He said that LAFCO has been conducting service reviews of fire agencies and emergency medical services providers without any charges to those entities. He said that Karl Bauer, Executive Director of the Task Force on Fire Protection and Emergency Medical Services, is performing municipal services reviews of fire agencies through an allocation from LAFCO's budget. Mr. Ott said fire agencies are not receiving preferential treatment, but since LAFCO is looking at all fire service entities in San Diego County at the same time, it would be difficult to extract a fee from the individual agencies. Mr. Ott said the overall costs to the agencies complying with information requests is a concern of LAFCO's and said staff has asked agencies to let LAFCO know the amount of resources they are expending to provide the requested information.

Keith Lewinger indicated he had concerns that municipal service reviews would be initiated for ulterior motives and used as a guide to future reorganization to get rid of an

agency. He said the first five of the nine categories fall into objective analysis of data, but the remaining items are subjective and have to do with management efficiencies, accountability, government structure, etc. He said it is hard to present that type of analysis in an objective way.

Mr. Ott responded by explaining that Determinations 6 through 9 have more qualitative aspects than quantitative aspects. He said that LAFCO would not be doing service reviews on a micro-analytical level, and would not be looking at issues that would be more appropriate for the agency to deal with on an administrative level. He said LAFCO will be looking at how water, sewer and fire protection services are provided to the regions of San Diego County.

Darrell Jobes reported that it took approximately 30 hours of staff time, and 50± pages of documentation for his agency to respond to LAFCO's request for information. He said he feels the process was fairly objective. He said he also has concerns about the management efficiencies issues. He said he feels more comfortable with the process, but still has some apprehension about the outcome because it is a very subjective area. He said his agency's board of directors is concerned about how an agency such as LAFCO, who is not experienced with fire services, can make determinations regarding provision of public safety. He said he still has some uncertainty, but Mr. Ott has answered most of his concerns.

Gary Arant agreed with Mr. Ott's comment that these issues are interrelated. He explained how the strategy set out by LAFCO staff should work, and said if there is an indication that an agency was "out-of-line with other agencies" in the first six determinations, it might give rise to look into the subjective areas. He said that if an agency - in terms of its objective ability to deliver service in terms of capacity, reliability, cost, etc. - was about the same as other agencies or within an acceptable level of variation, LAFCO would not explore subjective areas.

Harry Ehrlich said several years ago his agency went through a "type of service review" of County sanitation agencies, and that there was a difference of information among agencies regarding costs, etc. He said the six strategies will be useful to the agencies to keep their information simple, but at the same time realistic.

On motion of Keith Lewinger, seconded by Gary Arant, and carried unanimously by the members present, the Special Districts Advisory Committee took the following actions:

1. Received the Municipal Service Review Update and Workshop.
2. Received Special Districts Advisory Committee comments.
3. Approved the Municipal Service Review Strategy.

Municipal Service Review Working Group Deliberations:

Chairman Vanderlaan opened Municipal Service Review Working Group discussions on the staff report and recommendations.

Councilmember Davis commented that it is important to note that the “one year” timeframe is an estimate for a normal service review. She said it is also important to have the flexibility to go back to the agencies for additional information. She said she was happy to hear the input from the Special Districts Advisory Committee members, and that their information was valuable to her because she is not involved with special districts. She said staff has done a “really good job” with the municipal service reviews and has worked hard to bring this together.

Andy Menshek said he is comfortable with the overall Municipal Service Review Strategy. He said the process has been slow because this is the first time municipal service reviews have been prepared and staff is “breaking new ground.” He said it is important to be cautious and to put together an accurate and complete document.

Supervisor Jacob said it is very important that the public be informed of the meetings that are being held on the municipal service reviews. Regarding multiple requests for information, Supervisor Jacob said that information received from an agency is accurate or inaccurate, and that her expectation would be that this would be indicated in the municipal service review report. She said to avoid multiple requests for the same information, that if the agency is not able to provide the information or if LAFCO staff suspects in their analysis the information may be questionable in regards to accuracy, this should also be indicated in the municipal service review report. Supervisor Jacob said the service reviews are “on track” and the actual purpose of the special meeting is to memorialize the process, strategy and procedures that LAFCO staff have been using to make sure that the Advisory Committee members, the Municipal Service Review Working Group members and the Local Agency Formation Commissioners feel comfortable with what has been accomplished. She said if there are changes to be made by any member of the three bodies, this is the time the changes should be made.

Responding to Supervisor Jacob, Mr. Ott indicated the service reviews are “on track.” He said the six strategies will help ensure the objectives of the municipal service review process are implemented in a beneficial manner.

Chairman Vanderlaan complimented staff on the “great job” that has been done on the municipal service review process. He indicated that Mr. Arant had mentioned that San Diego County is once again leading the State in terms of municipal service reviews. Chairman Vanderlaan said that he appreciated the comments from Mr. Lopez about the municipal service review process, and said that he feels LAFCO has taken the issues into consideration and will continue to do so. Regarding Mr. Jobes’ comments, Chairman Vanderlaan said as a former fire administrator he appreciates the demands that are put on the fire staff. He said there are elements of the municipal service review process that will be helpful and the cost/benefit ratio in the end will be very beneficial.

On motion of Commissioner Andy Menshek, seconded by Councilmember Davis, and carried unanimously by the members present, the Municipal Service Review Working Group took the following actions:

1. Received the Service Review Update and Workshop.
2. Received Municipal Working Group comments.

3. Approved the Service Review Strategy.
4. Approved the minutes February 3, 2003 meeting, recognizing that some of its recommendations may be modified based on the San Diego LAFCO's approval of the service review strategies.

Local Agency Formation Commission Deliberations

Chairwoman Jacob opened Local Agency Formation Commission discussions on the staff report and recommendations.

Regarding the public's ability to participate in the municipal service review process, Commissioner Frye asked how customers from an affected agency are notified. Mr. Ott said that with respect to the service review in Southern San Diego County, some of the agencies involved in the service review used the bill payment process and newsletters to explain the LAFCO service review process to their customers. He said when the municipal service review process becomes a public hearing item before the Local Agency Formation Commission, LAFCO would prepare a public hearing notification for the service review. He said libraries and other agencies would also be used for general public notification. Mr. Ott said LAFCO would not be notifying individual customers but through the media and through cooperation of the affected agencies the public will be notified.

Regarding comments as to the amount of data that has been provided, Commissioner Frye pointed out that the quality of the data does not necessarily relate to the quantity of the data that is provided. Regarding Determination No. 8, Evaluation of Management Efficiencies, Commissioner Frye said an analysis of the effectiveness of the efficiencies should be included; for example, how efficiently services are being delivered. Mr. Ott responded that staff would cover quantitative and qualitative aspects of service delivery.

Commissioner Wootton said other LAFCOs in California have different interpretations of the statements of determinations, and said that San Diego's adopted Municipal Service Review Guidelines and the Municipal Service Review Strategy would be helpful to interpret the determinations.

Chairwoman Jacob indicated that since there were no differences among the recommendations made by the Special Districts Advisory Committee and the Municipal Service Review Working Group, the Local Agency Formation Commission is being asked to receive the recommendations from the Advisory Committee and the Municipal Services Review Working Group and to approve the service review strategy outlined in the staff report.

On motion of Commissioner Pocklington, seconded by Commissioner Frye, and carried unanimously by the members present the Local Agency Formation Commission took the following actions:

1. Received the Service Review Update and Workshop;
2. Received the Special Districts Advisory Committee's comments;

3. Received the Municipal Working Group comments;
4. Received the San Diego Local Agency Formation Commission's comments; and
5. Approved the Municipal Service Review Strategy.

Item 7
Public Comment

No members of the public requested to speak.

Chairwoman Jacob thanked everyone for attending, and said that there should be a special meeting of the three groups within a year to evaluate any completed municipal service reviews. Chairwoman Jacob also thanked Michael Ott and Shirley Anderson.

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