



**San Diego County**  
**Local Agency Formation Commission**  
 Regional Service Planning | Subdivision of the State of California

**7b**

**AGENDA REPORT**  
 Business | Action

February 6, 2023

**TO:** Commissioners

**FROM:** Keene Simonds, Executive Officer  
 Priscilla Mumpower, Analyst II

**SUBJECT: Proposed Policy Update on Municipal Service Reviews**

**SUMMARY**

The San Diego County Local Agency Formation Commission (LAFCO) will consider approving a policy update guiding municipal service review activities. The proposed update returns to the Commission substantively intact following its draft presentation in October 2022 and subsequent public review and comment period. The update is part of the adopted workplan and represents a comprehensive revision to reflect current and best practices. This includes making explicit the sequential role of the municipal service review in determining the appropriateness of proceeding with subsequent sphere of influence changes. Establishing community engagement measures are also reflected and done so at the earlier direction of the Commission. Staff recommends the Commission approve the proposed policy update with any identified changes along with setting the effective to April 6, 2023.

**BACKGROUND**

**Current Policy on Municipal Service Reviews**

San Diego LAFCO’s “Strategy for Conducting and Using Municipal Service Reviews” policy (Legislative Policy No. 6 or “L-106”) was adopted by the Commission in April 2003 with technical revisions subsequently approved in August 2008 and June 2015. The existing policy focuses on outlining procedures and related process expectations in the preparation of municipal service reviews. This includes provisions outlining criteria in developing scopes of work, deferral procedures, and prescribing levels of inquiry.

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A copy of the current policy is provided as Attachment One.

## Current Workplan & Direction to Prepare Policy Update

San Diego LAFCO's current workplan was adopted at a noticed public hearing in June 2022 and includes 30 specific projects for the fiscal year. One of the workplan projects involves an update to the Commission's policies governing municipal service reviews with related direction to staff to incorporate current and best practices. The Commission also directed staff to consider community engagement measures as part of the update.

### DISCUSSION

This item is for San Diego LAFCO to consider approving a formal policy update on L-106 to guide the scheduling, preparation, and approval of municipal service reviews. A summary of the key features of the proposed policy as well as revisions incorporated following the draft presentation in October 2022 and subsequent public review period follows.

### Key Policy Features

- Make explicit the role of municipal service reviews in informing other regulatory and planning activities. Specific citations include:
  - Guide the scope of any subsequent sphere of influence updates.
  - Guide consideration of subsequent jurisdictional changes over next 60-month period.
  - Serve as the document of record in regulating district service functions and classes.
- Require new municipal service reviews to be prepared before considering proposals requiring conforming sphere of influence amendments if the subject agencies have not been evaluated over preceding 60-month period unless waived.
- Maintain a five-year study schedule calendaring municipal service reviews and draw on this document in initiating specific studies through the annual workplan process.
- Delegate full responsibility to preparing municipal service reviews – including establishing scopes of work – to the Executive Officer.
- Establish baseline community engagement standards marked by LAFCO staff attending no less than one public meeting for each subject agency to directly advise the council/board and their constituents of the municipal service review project.
- Encourage additional community engagement measures to be taken on a case-by-case basis – including, but not limited to – holding workshops, surveys, etc.

## Revisions Post Public Review

As referenced, San Diego LAFCO staff proceeded to initiate a formal 45-day public review and comment period on the draft update following its presentation to the Commission in October 2022. Staff also made presentations to the Commission's Cities and Special Districts Advisory Committees. These collective measures generated good discussions with one formal written comment from Valley Center Municipal Water District requesting additional guidance and related latitude on waivers to allow sphere amendments to proceed when the affected agency's last municipal service review is more than five years old. Staff agrees with this comment and has added specific waiver examples to match provisions provided in the Commission's separate policy on sphere of influence actions ("L-102"). Most notably, this includes waiver examples to address a documented public health threat as well as to accommodate a reorganization where all affected agencies are agreeable to proceeding with coterminous amendments. (An example of the latter waiver applies to the proposed "Weston Clean Up Reorganization" scheduled for consideration as No. 6a.)

A copy of the proposed update with track changes reflecting revisions post the draft presentation in October is provided as Attachment Two.

## ANALYSIS

The proposed update before San Diego LAFCO represents a comprehensive revision to the existing policy on municipal service reviews that has remained substantively intact since its adoption in 2003. The proposed update draws on 20 years of subsequent LAFCO practice and appropriately transitions the focus of the policy from outlining processes and procedures to prescribing goals and outcomes with the latter highlighted by directly informing subsequently sphere of influence changes. (This highlighted provision is opposite the earlier practice developed from the current policy where proposed sphere amendments have informed the need and scope of municipal service reviews.) Processes and procedures – including establishing scope of work on individual municipal service reviews – are relatedly delegated to the Executive Officer as part of the proposed update. Establishing community engagement standards also marks the update and serves as entry points to an otherwise overlooked detail with the goal of improving LAFCO's assessment of resident service needs in real time.

## RECOMMENDATION

It is recommended San Diego LAFCO approve the proposed update to the Commission's policies on municipal service reviews for reasons detailed in the preceding section. This recommendation is consistent with Alternative One outlined in the preceding section.

## ALTERNATIVES FOR ACTION

The following alternative actions are available to San Diego LAFCO:

Alternative One (recommended):

Approve the proposed policy update to L-106 as provided as Attachment One with any desired changes and set the effective date for 60-days.

Alternative Two:

Continue consideration of the item to a future meeting and provide direction to staff for additional information as needed.

Alternative Three:

Take no action.

## PROCEDURES FOR CONSIDERATION

This item has been placed on San Diego LAFCO's agenda for action as part of the business calendar. The following procedures are recommended in the consideration of this item:

- 1) Receive verbal presentation from staff unless waived.
- 2) Commission discussion.
- 3) Consideration of the staff recommendation.

On behalf of the Executive Officer,



Priscilla Mumpower  
Analyst II

Attachments:

- 1) Current Policy on Municipal Service Reviews:  
"Strategy for Conducting and Using Municipal Service Reviews" (L-106)
- 2) Proposed Update on Municipal Service Reviews:  
"Municipal Service Reviews" (L-106)
- 3) Comment on Draft Update: Valley Center Municipal Water District

LEGISLATIVE POLICY L-106

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**Subject:**

STRATEGY FOR CONDUCTING AND USING MUNICIPAL SERVICE REVIEWS

**Purpose**

To establish a framework that will assist the Local Agency Formation Commission in the timing, funding, and preparation of municipal service reviews, while maintaining a focus on the service review determinations specified in State Law (GC 56430).

**Background**

AB 2838 (Cortese-Knox-Hertzberg Local Government Reorganization Act of 2000) requires Local Agency Formation Commissions to conduct countywide, regional, or sub-regional municipal service reviews either before, or in conjunction with the establishment or updates of spheres to help ensure the efficient provision of local governmental services. The process of information collection, data analysis, and development of the service review determinations requires a high level of participation and cooperation between San Diego LAFCO and local agencies.

**Policy**

It is the policy of the San Diego Local Agency Formation Commission to use the following six strategies to assist in the planning and preparation of municipal service reviews:

1. *Scope of Work:* In order to successfully manage the data collection and analysis processes and guide service reviews toward timely completion, each service review should have a well-defined scope of work that incorporates the following:
  - a. Develop and adhere to a realistic and manageable scope of work.
  - b. Define the services to be reviewed.
  - c. Identify unambiguous geographic boundaries for study areas.
  - d. Define the time period under review.
2. Defer review of services or service providers, which are marginally related to the pending service review, to subsequent service reviews, if necessary and appropriate. *Requests for Information:* Collection of data is dependent on the

cooperation and voluntary participation of local agencies. Requests for information should not represent an undue burden to local agencies and should be conducted in the following manner to maximize cooperation and participation levels:

- a. Discourage multiple requests for information unless there are compelling reasons.
  - b. Limit requests for information to matters that are essential to conduct the service review and relevant to the nine determinations required by Government Code § 56430.
3. *Service Review Time Frame*: Service reviews provide a snapshot view of service delivery issues and are not meant to be ongoing studies. The following approaches will enable service reviews to be conducted in the shortest amount of time:
- a. Develop a task and time schedule for each service review and adhere to it.
  - b. Confine data collection to the time period established under the scope of work unless there are compelling reasons to expand the time frame.
4. *Regional View*: Service reviews represent programmatic or macro-level information reports. The following approaches will reinforce the programmatic focus of service reviews:
- a. Adhere to the seven service review determinations in maintaining a programmatic view of service delivery.
  - b. Focus on service delivery programs, procedures, policies and rules, rather than individuals who may be involved in the service delivery programs.
  - c. Collect micro-level data only if necessary and if associated with programmatic aspects of service delivery.
5. *Level of Inquiry*: Multiple agencies may be involved with a service review. Individual agencies may be subject to different levels of review and inquiry based on the following:

- a. Allow for variation within the type and amount of information requested for each service review and from each local agency based on unique circumstances. Utilize the judgment of staff, commissioners, advisory committees, stakeholders, public and agencies, etc., to establish an appropriate level of inquiry and data collection.
  - b. Defer the collection of data that is marginally related to the pending service review to subsequent service reviews.
6. *Data Accuracy:* Accurate data is essential for making meaningful conclusions and determinations. In some cases, LAFCO staff may not be qualified to ascertain accuracy of data and will need to obtain outside assistance. In other instances, either raw data, or conclusions of service review may not be germane to LAFCO's purview of the service review determinations required by State Law. In order to maintain focus on accuracy and relevancy of data:
- a. Utilize LAFCO staff, the Commission's advisory committees, local service agencies, or other appropriate organizations to determine data accuracy and relevancy.
  - b. Refer service reviews to other regulatory agencies if data is determined to pertain to areas outside of LAFCO's purview or is not relevant to a pending service review.
  - c. Draft Municipal Service Reviews (MSR's) shall be provided to the affected agencies and public through direct mail or posting on the Commission website ([www.sdlafco.org](http://www.sdlafco.org)) for comment.

Adopted: April 7, 2003  
Technically  
Updated: August 25, 2008  
June 23, 2015

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**Subject:**

MUNICIPAL SERVICE REVIEWS

**Purpose:**

Serve as a framework to the Commission in conducting municipal service reviews with a commitment to community engagement.

**Background:**

The Commission is responsible under State law to inform all regular sphere of influence updates by conducting comprehensive studies on the availability, demand, and performance of local municipal services within the county, region, or subregion (Government Code Section 56430).

**Policy:**

It is the policy of the Commission:

1. Goals and Objectives:

- a) The Commission will use municipal service reviews as a principal resource to proactively inform future planning and regulatory actions under its purview and mission to facilitate orderly growth and development.
- b) The Commission will draw on the municipal service reviews to directly inform the appropriate scope and scale of sphere of influence updates performed for all local agencies under State law (Section 56425).
- d) The Commission will draw on the municipal service reviews to help inform proposed jurisdictional changes involving the affected agencies and/or territories over the proceeding 60-month period.
- e) The Commission will draw on recommendations in the municipal service reviews to initiate any related jurisdictional changes as allowed under State law (Section 56375).
- f) The Commission will use municipal service reviews in consultation with Rule No. 4 to establish, amend, and regulate the nature, location, and extent of any functions or class of services provided by individual special districts.
- g) As a general rule, the Commission will require a new municipal service review to be prepared before considering a proposal that necessitates one or more sphere of influence amendments where the subject agencies have not been evaluated in a study over the preceding 60-month period. Waivers may be considered - based on recommendations of the Executive Officer - on a case-by-case basis and/or under the following conditions:

- Public health or safety needs; for example, amending a jurisdiction's sphere to permit annexation of a parcel that requires public sewer service because of a failed septic system;
- Property under a single ownership split by a sphere if the split property shares characteristics including access, geography, communities of interest and the manner in which services will be provided;
- A reorganization involving two or more jurisdictions if the spheres are coterminous and each jurisdiction agrees to the sphere amendments and reorganization;
- If a city or special district can provide adequate documentation showing that conditions have significantly changed to warrant a sphere amendment.

## 2. Timing:

- a) The Commission will maintain a five-year study schedule for municipal service reviews to provide advance notice of timing to local agencies, the public, and other stakeholders as well as encourage project syncing whenever practical.
- b) The Commission will consult the five-year study schedule in initiating specific municipal service reviews through the annual workplan process.

## 3. Funding:

- a) The Commission will be responsible for funding municipal service reviews calendared in the five-year study schedule and subsequently added to adopted annual workplans.
- b) The Commission will collect maintenance fees on applicant proposals to proportionally contribute to the funding of future municipal service reviews.
- c) The applicants will be responsible for funding municipal service reviews undertaken outside the five-year study schedule and necessitated to accommodate proposed spheres of influence amendments.

## 4. Preparing:

- a) The Commission delegates responsibility to the Executive Officer to prepare municipal service reviews. This includes approving scopes of work and associated timelines in consultation with the subject agencies.

- b) The Executive Officer should consult with the Cities and Special Districts' Advisory Committees in establishing appropriate performance measures within the municipal service reviews.
- c) The Executive Officer shall prepare a written report on the municipal service review with recommendations and related determinative statements that address the factors required for consideration in statute (Section 56430(a)).

## 5. Community Engagement:

- a) The Commission will prioritize budgeting resources to accommodate proactive community engagement as part of the municipal service review process and as a direct means to identify community needs.
- b) The Commission tasks the Executive Officer to ensure the following baseline measures for community engagement are practiced in preparing municipal service reviews:
  - Staff shall establish a dedicated page on the LAFCO website to serve as an ongoing repository for key project materials in step with initiating new municipal service reviews.
  - Staff shall attend regularly scheduled public meetings for each subject agency to directly advise the council/board and their constituents of the initiation of municipal service reviews.
  - Staff shall regularly utilize social media accounts to timely disseminate information on municipal service reviews, and this includes translating posts as appropriate under the Commission's translation policy.
  - Staff will provide formal public review and comment periods of no less than 45 days between the draft and final presentations of municipal service reviews to the Commission.
- b) As appropriate, and as an enhancement to the above baseline measures, the Executive Officer should consider taking any of the following additional outreach efforts for initiated municipal service reviews:
  - Hold public workshops – especially with respect to engaging any disadvantaged and/or historically marginalized communities.
  - Conduct surveys within the affected communities to – and among other topics – help identify community needs.

- Solicit opportunities to make staff presentations to subject agencies and other organized stakeholders on the municipal service reviews to highlight and receive community input on key topics.

6. Commission Action:

- a) The Commission will consider all final municipal service reviews as part of scheduled public hearings that are noticed consistent with sphere of influence actions under State law (Section 56427).
- b) The Commission's consideration of final municipal service reviews will culminate with the following two completing actions:
  - Receive and file the written report on the municipal service review and in doing so attest the document provides sufficient information for the Commission to make informed decisions under statute.
  - Adopt a resolution making determinative statements that draw from the final municipal service review on all prescribed factors required under statute and local policy (Section 56430).

7. Post Commission Action:

- a) The Executive Officer will provide prompt written notice of completed municipal service reviews to all subject agencies with a request that the document be forwarded to the full council/board.
- b) The Executive Officer shall ensure posting of all completed municipal service reviews online as well as provide bounded copies to local libraries with a request they be added to the circulation catalog.

**From:** Gary Arant  
**Sent:** Thursday, November 10, 2022 8:40 AM  
**To:** Simonds,Keene  
**Cc:** Smith, Oliver; 'Kim Thorner'  
**Subject:** [External] Updated LAFCO MSR Policy

Keene;

I finally got a chance to look at the proposed updated LAFCO MSR Policy.

The main issue, or concern I have with this policy proposal is that, as I understand it, nothing can happen with a change in an agency's boundaries or services if it has not had a MSR done in the prior 60 months. While the law says an MSR will be done for each agency every five years, that has not always been the case. There have been times, in my recollection, where MSR's have gone longer than five years, due to resource constraints /work-load issues with LAFCO, and not due to the fault of the public agency. This could/would lead to a situation where a public agency cannot modify boundaries, or extend critical services or provide new, critical public services until the updated MSR is completed. What if the updated MSR is delayed 6 months, a year, or two?

In order for this policy to work effectively to provide timely and important public services, you would have to actually start and complete the new MSR process before the end of the five-year effective timeframe for the original MSR. In that way, the new MSR would be in effect when the authorization under the current MSR expires at the end of the original five year period. In this way there would be no lost time due the original MSR having expired. The other option would be to have a policy provision to allow limited changes in agency boundaries or services in a period beyond the 60-month timeframe if the delay in the MSR was associated with resource or workload constraints of LAFCO.

At the end of the day, we feel the public should not be denied critical services when there have been understandable resource-related delays in the MSR cycle.

*Gary Arant*

**General Manager**

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