



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

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AGENDA REPORT
 Business | Discussion

October 7, 2024

TO: Commissioners

FROM: Keene Simonds, Executive Officer
 Priscilla Mumpower, Assistant Executive Officer

SUBJECT: **Review of Policy L-106 |**
Conducting Municipal Service Reviews

SUMMARY

The San Diego County Local Agency Formation Commission (LAFCO) will review Legislative Policy 106 (L-106) and its governing provisions in conducting municipal service reviews. The item is being presented in response to recent deliberations involving the municipal service review prepared on the Oceanside region and a parallel request by the Commission to have a focused discussion on L-106 and whether any changes merit consideration. Any changes the Commission identifies will be presented in actionable form at a future meeting.

BACKGROUND

**Statutory Direction and
 Local Policy on Conducting MSRs**

State law directs LAFCOs in all 58 counties to review all local agencies’ spheres of influence and update as needed approximately every five years in doing so actively manage what it believes to be the agencies’ appropriate current and future boundaries and service areas. State law relatedly specifies LAFCOs must inform sphere updates by preparing municipal service reviews to independently assess the availability and adequacy of local services relative to current and future community needs. LAFCOs also use municipal service reviews

<p>Administration Keene Simonds, Executive Officer 2550 Fifth Avenue, Suite 725 San Diego, California 92103 T 619.321.3380 www.sdlafco.org lafco@sdcounty.ca.gov</p>	<p>Jim Desmond County of San Diego</p> <p>Joel Anderson County of San Diego</p> <p>Nora Vargas, Alt. County of San Diego</p>	<p>Kristi Becker City of Solana Beach</p> <p>Dane White City of Escondido</p> <p>John McCann Alt. City of Chula Vista</p>	<p>Chair Stephen Whitburn City of San Diego</p> <p>Marni von Wilpert, Alt. City of San Diego</p>	<p>Vice Chair Barry Willis Alpine Fire Protection</p> <p>Jo MacKenzie Vista Irrigation</p> <p>David Drake, Alt. Rincon del Diablo</p>	<p>Harry Mathis General Public</p> <p>Brigitte Browning, Alt. General Public</p>
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to inform any near-term boundary changes and – if appropriate – to initiate proposals to form, consolidate, merge, or dissolve special districts. All municipal service reviews require LAFCOs to make determinative statements on a range of prescribed factors and headlined by addressing infrastructure needs, financial standing, and governance effectiveness.

San Diego LAFCO’s policy on conducting municipal service reviews – L-106 – was last revised by the Commission in May 2023 as part of a scheduled update. The policy provides local prescription in scheduling, preparing, and approving municipal service reviews and is materially premised on LAFCO proactively maintaining a five-year study schedule to draw from in annually scheduling municipal service reviews as part of the adopted workplan. Other notable features include setting baseline community engagement standards for LAFCO staff while delegating the development of scopes of work of the Executive Officer. The current policy is attached along with a flowchart showing key procedural markers.

DISCUSSION

This item is for San Diego LAFCO to review L-106 and its governing provisions in conducting municipal service reviews and identify potential changes for future consideration. The item has been requested by the Commission and done so based on deliberations held in reviewing a draft municipal service review on the Oceanside region at the August 2024 meeting. This includes responding to concerns raised by the Oceanside Mayor and City Manager in not having the opportunity to review the draft report’s Executive Summary and its outlining of key conclusions and recommendations before the document is made publicly available.

ANALYSIS

San Diego LAFCO’s L-106 provides guidelines for staff to bring forward municipal service reviews to the Commission in draft and final forms as part of noticed hearings with certain baseline requirements. Examples include LAFCO staff attending at least one public meeting for the affected agencies to discuss the municipal service reviews as well as ensuring no less than a 45-day review period between the presentations of the draft and final reports. The balance of the policy largely involves delegations to the Executive Officer and is marked by setting each municipal service review’s parameters (scale, scope, etc.) to align with relevant service and/or community conditions. The delegation and the associated staff practice of sharing administrative copies of the municipal service reviews without the executive summaries have been recently cited as a concern by the City of Oceanside. Specifically, they desire the opportunity to refute draft recommendations before the document is published. Staff believes this practice is appropriate to protect against the potential for draft recommendations being widely circulated before the Commission has the opportunity to discuss them in a hearing setting. Nonetheless, the policy should reflect Commission preferences and priorities, and accordingly staff welcomes direction on any changes.

RECOMMENDATION

It is recommended San Diego LAFCO review and discuss L-106 and its guidance to staff in conducting municipal service reviews and provide general direction on potential changes for future consideration.

ALTERNATIVES FOR ACTION

This item is being presented to San Diego LAFCO for discussion ahead of considering potential changes at a future meeting.

PROCEDURES

This item has been placed on the agenda for discussion as part of San Diego LAFCO's business calendar. The following procedures, accordingly, are recommended.

- 1) Receive verbal report from staff unless waived.
- 2) Commission discussion.
- 3) Provide general direction to staff on potential revisions to L-106 for future consideration.

On behalf of the Executive Officer,



Priscilla Mumpower
Assistant Executive Officer

Attachments:

- 1) L-106 Flowchart
- 2) L-106 Written Policy

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L-106 FLOWCHART

Conducting Municipal Service Reviews (MSR)

PREAMBLES	STAFF LEVEL	COMMISSION LEVEL
<p>Objectives + Uses</p> <p>Under L-106, the Commission regularly directs MSR's consistent with State law with three guiding local uses in mind:</p> <ol style="list-style-type: none"> Inform the type of sphere update (comprehensive, limited, or affirm) for the affected agencies. Help assess the merits of any proposed jurisdictional changes over the next 60-month period. Initiate - if merited - LAFCO's own proposal to form, consolidate, merge, or dissolve special districts. <p>Scheduling + Timing</p> <p>The Commission will maintain a rolling 5-year study schedule under L-106. The Commission will draw and pull from the study schedule in adopting annual workplans + in doing so authorize work on specific MSR's:</p> <p>With respect to timing, some MSR's - especially regional and service specific - are expected to take 1 to 2 years to complete. Agency specific MSR's are expected to take 6 to 12 months.</p> <p>Report Types</p> <p>Three types of MSR's are envisioned under L-106:</p> <p><u>Regional (Most Common)</u> Evaluates multiple local agencies in a targeted geographic area.</p> <p><u>Service Specific</u> Evaluates one or more local agencies providing a targeted service function.</p> <p><u>Agency-Specific (Less Common)</u> Evaluates one agency and all of its service functions.</p> <p>Funding</p> <p>The Commission commits in L-106 to cover MSR costs undertaken as part of the rolling 5-year study schedule + authorized as part of LAFCO's adopted workplans.</p> <p>The Commission will also collect maintenance fees on applicant proposals to proportionally contribute to the ongoing MSR funding.</p>	<p>Preparation</p> <p>The Commission delegates the responsibility in L-106 to prepare the MSR's it selects from the 5-year rolling study schedule through the annual workplan to the Executive Officer. The Executive Officer is responsible to do all the following:</p> <ol style="list-style-type: none"> Establish MSR scope of work. Set MSR data collection period. Determine key MSR benchmarks + performance measurements. Retain consultants as needed. Communicate with the affected agencies - including attendance at least one public meeting for the affected agencies to introduce the MSR + encourage public input. Establish dedicated page covering the MSR on the LAFCO website. Use social media to amplify MSR status and opportunities for input. <p>With respect to L-106 implementation, it is the staff practice to <u>sequence</u> the MSR preparation as follows:</p> <ol style="list-style-type: none"> Staff provides written notice to affected agencies at the start of each fiscal year on newly scheduled MSR's + requests an introductory meeting with senior staff. Following an introductory meeting, staff develops one or more data requests for the affected agencies typically covering a 5-year period. Staff prepares draft profiles for each affected agency typically following a standard 7 part format (overview, background, formation process, current boundaries, demographics, governance + administration, service functions, and finances). An administrative draft of the MSR consisting of the agency profiles are provided to the affected agencies for their internal review + comment. Staff updates and resends the agency profiles for additional review as needed. Staff draws on the agency profiles to prepare a complete draft report that includes an executive summary, and its outlining of key conclusions + recommendations. It also includes written determinations on all required statutory factors. (The determinations typically replicate the highlighted text boxes placed throughout the agency profiles.) 	<p>Draft Report</p> <p>The Commission receives a complete MSR draft report at a noticed hearing.</p> <p>At the conclusion of the hearing, the Commission decides if the draft is substantively complete and merits proceeding with a formal public review period. The Commission may continue consideration of the draft as needed.</p> <p>Once deemed substantively complete, the Commission authorizes staff to proceed with a public review period of no less than 45-days.</p> <p>Staff also proceeds to work with the affected agencies in providing presentations on the draft report with their governing boards and any interested community stakeholders.</p> <p>Final Report</p> <p>The Commission receives a proposed final report following the conclusion of the public review of the draft as part of a noticed hearing.</p> <p>At the conclusion of the hearing, the Commission decides whether to finalize the MSR process by taking two actions:</p> <ol style="list-style-type: none"> Formally receive and file the final report and its recommendations. Adopt a resolution codifying the written determinations included in the final report. <p>Final Steps...</p> <p>Upon Commission action, the Executive Officer is responsible under L-106 to transmit copies of the completed MSR to the affected agencies with a request the document be forwarded to the full governing boards.</p>

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LEGISLATIVE POLICY L-106

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 by the Commission based on recommendations of the Executive Officer – including any one or more of the following contemplated examples.
 - If the proposed amendment is minor and involves less than 10.0 acres.
 - The proposed amendment is tied to addressing a documented public health or safety threat involving only water or wastewater services.
 - The affected property is currently split by a sphere of influence.
 - The affected territory already is within a special study area assigned to the subject agency's sphere of influence.
 - If the County of San Diego and one or more affected cities present a joint-agreement supporting amendments to spheres of influence to accommodate – among other possibilities – an exchange in assigned regional housing need assignments.
- h) If the Commission deems a waiver inappropriate under (g), it may consider preparing an addendum to a municipal service review ahead of the 60-month schedule and based on recommendations of the Executive Officer.

2. Timing:

- a) The Commission will endeavor to maintain and regularly update 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.

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.
- c) 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 views online as well as provide bounded or digital copies to local libraries with a request they be added to the circulation catalog.

Adopted: April 7, 2003

Technically

Updated: August 25, 2008 + June 23, 2015

Comprehensively

Updated: May 1, 2023 (Effective August 1, 2023)

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