



**Lou Ann Texeira**  
*Executive Officer*

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*City Member*  
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**Martin McNair**  
*Public Member*

**Dwight Meadows**  
*Special District Member*  
**David A. Piepho**  
*Special District Member*

**Rob Schroder**  
*City Member*

**Gayle B. Uilkema**  
*County Member*

**ALTERNATE MEMBERS**

**William Bristow**  
*Public Member*

**George H. Schmidt**  
*Special District Member*

**Mary N. Piepho**  
*County Member*

**Don Tatzin**  
*City Member*

March 12, 2008 (Agenda)

Contra Costa Local Agency Formation Commission  
 651 Pine Street, Sixth Floor  
 Martinez, CA 94553

**Policies & Procedures Update**

Dear Members of the Commission:

RECOMMENDATION

It is recommended that the Commission review the proposed revisions to the Commissioner Handbook [Section 1.2 Membership (Selection of Public and Alternate Public Member), and Section 2.1 – Policies and Standards (Municipal Service Review Guidelines)]; provide staff with direction on changes, corrections or amendments; and approve the revisions as desired.

DISCUSSION

The Cortese Knox Hertzberg Local Government Reorganization Act of 2000 (“CKH Act”) requires each LAFCO to establish written policies and procedures.

Presently, we have the Commissioner Handbook, which contains a mix of policies and procedures. In addition, we have various applications and related forms. Periodically, the Commission adopts updates and revisions to the Handbook and forms due to changes in State law or Commission policy.

In October 2006, Commissioners Tatzin and Uilkema were appointed to a committee charged with reviewing and recommending updates and revisions to the current Handbook and related documents. The policies and procedures review involves both clean-up and more substantial policy revisions.

In 2007, the Commission approved reformatting and updates to most sections of the Handbook, along with the addition of several new sections (i.e., accounting and fraud control procedures, investment policy, conflict of interest and financial disclosure policy, etc.). These initial revisions were primarily clean-up and administrative in nature. In addition, the Commission adopted a new, more substantive policy relating to disclosure of political expenditures per AB 745. Other more substantial policies to be reviewed in 2008 include the following:

- Annexations
- SOIs
- Municipal service reviews
- Water service
- Agriculture mitigation
- Environmental justice (awaiting approval of CALAFCO guidelines)
- CEQA guidelines specific to LAFCO

In February 2008, the Commission received an update relating to Commissioner terms. The discussion focused on upcoming appointments and the selection processes for the various members (i.e., county, city, special district and public) as outlined in the CKH Act and in the Commission's policies.

The Commission requested that the Policies & Procedures Committee review the current policies relating to appointment of public members. It was also suggested that, to make maximum use of the Committee's time, other pending policies be reviewed as time permits.

At this time, we present the following proposed updates for the Commission's consideration:

### **Section 1.2 MEMBERSHIP**

#### A. Selection and Terms of Office

- 5) Selection of Public and Alternate Public Members – Proposed revisions relating to recruitment and selection (attached)

### **Section 2.1 POLICIES & STANDARDS**

- I. Municipal Service Review Guidelines – Proposed revisions in accordance with recent legislation (AB 1744) which consolidates the nine MSR determinations to six (attached)

The attached revisions are presented for your consideration. We have provided both a marked up version (shown in Legislative Format with new text underlined and deleted text in strikeout), and a clean version.

Please contact the LAFCO office if you have any questions.

Sincerely,

LOU ANN TEXEIRA  
EXECUTIVE OFFICER

#### **Attachments:**

- 1 - Section 1.2 – Membership (Selection of Public and Alternate Public Members)
- 2 - Section 2.1 – Policies & Standards (Municipal Service Review Guidelines) – Clean Version
- 3 - Section 2.1 – Policies & Standards (Municipal Service Review Guidelines) – Tracked Version

## Appointment of Public Member

### 5) Selection of Public and Alternate Public Members

The method for selecting public members is determined by the City, County and Special District members. At least four affirmative votes are required to appoint the public members, and there must be at least one vote from each of the other member categories: City, County and Special District.

**Unless the Commission gives alternative direction,** the following procedure is used to recruit and select Public Members of the Contra Costa LAFCO.

- Public announcement of the vacancy.
- Committee appointed by the Chair, consisting of a City member, County member and Special District member, screens applications and letters of interest.
- A committee composed of part or all of the Commission conducts interviews of selected applicants.
- The committee makes recommendations to the Commission.
- The Commission may conduct subsequent interviews and make a selection.

**Any alternative selection process requires at least four affirmative votes, and there must be at least one vote from each of the other member categories: City, County and Special District.**

**Re-appointment of a Public Member under an alternative procedure is limited to two consecutive terms. Following two consecutive terms, the Commission shall follow the recruitment procedure set forth above.**

## I. Municipal Service Review Guidelines

- 1) Purpose - To provide guidance to the Contra Costa Local Agency Formation Commission in preparing and conducting municipal service reviews.
- 2) Background - **Effective January 1, 2001**, the CKH Act requires LAFCO to review municipal services. The requirement for Municipal Service Reviews (MSRs) is in response to the identified need of a more coordinated and efficient public service structure to support California's growth. The MSR provides LAFCO with a tool to comprehensively study existing and projected public service conditions and to evaluate organizational options for accommodating growth, preventing urban sprawl, and ensuring that critical services are efficiently and cost-effectively provided.
- 3) Goals and Objectives - LAFCOs are required to conduct MSRs and prepare written statements of determinations with respect to each of the following [§56430], **as revised 1/1/08. The consolidated list of determinations will apply to MSRs initiated after 1/1/08.**

**(a) Growth and population projections for the affected area.**

**(b) Present and planned capacity of public facilities and adequacy of public services, including infrastructure needs or deficiencies.**

**(c) Financial ability of agencies to provide services.**

**(d) Status of, and opportunities for, shared facilities.**

**(e) Accountability for community service needs, including governmental structure and operational efficiencies.**

**(f) Any other matter related to effective or efficient service delivery, as required by Commission policy.**

The MSR process does not require LAFCO to initiate changes of organization based on service review findings; it only requires that LAFCO make determinations regarding the provision of public services per §56430. However, LAFCO, other local agencies and the public may subsequently use the information contained in the MSRs as a basis to pursue changes of organization or reorganization or sphere of influence amendments.

- 4) When Prepared - LAFCO will determine when MSRs are necessary. Generally, reviews will be prepared in conjunction with SOI studies or updates; however, MSRs may also be conducted independent of SOI updates based on a number of factors to be determined by the Commission. Such factors may include public health or safety issues, service provision issues associated with areas of **potential** growth or development, **etc.**

Minor amendments to a sphere of influence, as determined by LAFCO, will not require an MSR.

- 5) Services Addressed - MSR's will address identified services within the service review boundary of those agencies under LAFCO's jurisdiction and are associated with growth and development. Target services include, but are not limited to, water, sewer, drainage, libraries, roads, parks, police, and fire protection. General government services such as courts, social services, human resources, treasury, tax collection and administrative services will not be included.
- 6) Agencies Included - Local agencies whose boundary changes are subject to LAFCO review, or are required to have an SOI, are subject to MSR's, and LAFCO shall encourage those local agencies to fully participate in the service review process. Services provided by other agencies (i.e., federal, state, private) may be included in the service review in order to provide a comprehensive overview of service and provide context.
- 7) Boundaries - LAFCO will determine the geographic boundaries and agencies that will be the subject of an MSR. Factors that may be considered in determining a service review boundary include, but are not limited to, existing city and special district jurisdictional and sphere boundaries; topography; geography; community boundaries; tax/assessment zones; infrastructure locations; transportation systems and roads; areas with shared facilities; areas with shared social and economic communities of interest; plus other factors as determined by LAFCO.

Generally, service reviews will be conducted for sub-regional areas within the County; however, a service review may be prepared for a single agency, multiple agencies, or on a countywide basis. An MSR may review services outside Contra Costa County, in conjunction with multi-county service providers (e.g., Dublin San Ramon Services District, East Bay Municipal Utility District, East Bay Regional Park District). Multi-county MSR's will be prepared by the LAFCO of the principal county (§56066). **Inter-agency coordination is encouraged.**

- 8) Environmental Determination - The California Environmental Quality Act (CEQA) encourages the consideration of multiple related actions where appropriate. Whenever possible, LAFCO will work to streamline the MSR process by a) integrating SOI proposal processing and related CEQA processes with the MSR process; b) placing high priority on reviews of services affected by pending or anticipated proposals; c) working with city and county planners to identify areas where the short-term conduct of service reviews is needed to support orderly growth and development; and d) requesting that technical information needed for service reviews be included in the General, Specific and Master Service Plans of land use agencies and special districts.

Most MSR's will qualify for Categorical or Statutory Exemption under CEQA, as they are studies and are not typically accompanied by specific development proposals. Subsequent SOI actions may require additional environmental review.

- 9) Types of Service Reviews - Municipal Service Reviews will fall into two general categories:
  - (a) **Routine reviews** are anticipated to be uncomplicated and straightforward with few concerns about the adequacy of public services. Routine service reviews may be conducted for single agencies or for multiple agencies that provide similar services.

The boundary of a routine service review may cover a sub-region, region or the County.

- (b) **Intensive reviews** are anticipated to require detailed analysis of complex and controversial issues. An intensive MSR may result from a pending LAFCO proposal, or of service provision concerns otherwise identified by LAFCO.

10) Preparation

- (a) The Commission will determine the priority, schedule, procedure and content for service reviews.
- (b) LAFCO staff will provide a survey/questionnaire to the affected agency(ies) identified in the service review work plan.
- (c) If needed, LAFCO may hold scoping meetings. All affected agencies, interested agencies and persons or entities requesting notice will receive a mailed notice.
- (d) LAFCO staff will review submitted MSR information, coordinate and follow-up with the affected agencies.
- (e) LAFCO will prepare or cause to be prepared a Draft MSR for circulation to affected agencies and other interested parties for review and comment.
- (f) The Draft MSR will be considered at a public hearing, at which time the Commission may accept the report with or without modifications, adopt the required determinations, direct staff to prepare the Final MSR, and take other actions as appropriate.
- (g) The cost associated with conducting the baseline MSRs will be incorporated in the annual LAFCO budget, and will be shared by the funding agencies. **Should a separate or expanded MSR be required, including an MSR involving a multi-county agency(ies), the requestor will be required to fund the MSR. LAFCO shall prepare, or cause to be prepared, such MSR.**

11) Timing

**Effective January 1, 2008, and every five years thereafter, the Commission shall, as necessary, review and update every sphere of influence [§56425(g)].** MSRs will be completed, as necessary, concurrent with SOI formations, updates or substantial amendments, but not less than every five years.

- 12) Factors for Analysis - As part of its review of municipal services, LAFCO must prepare a written statement of its determination with respect to the following factors. [§56430]

Determination 1: Growth and population projections for the affected area

The efficient provision of public services is linked to an agency's ability to plan for future needs. Such factors as projected growth in and around the agency's service areas and impact of land use plans and growth patterns on service demands may be reviewed. In making a determination on growth and population projections, LAFCO may consider an agency's ability to plan for future needs.

Determination 2: Present and planned capacity of public facilities and adequacy of public services, including infrastructure needs or deficiencies

**The present and planned capacity of public facilities and services is linked to an agency's ability to plan for future needs, including infrastructure.** The term “infrastructure needs and deficiencies” refers to the status of existing and planned infrastructure and its relationship to the quality of levels of service that can or need to be provided. In making a determination on infrastructure needs or deficiencies, LAFCO may consider ways in which the agency has the ability and capacity to provide service.

Determination 3: **Financial ability of agencies to provide services**

LAFCOs must weigh a community's public service needs against the resources available to fund the services. In making a determination **on the financial ability of an agency to provide services**, LAFCO may review such factors as an agency's potential for shared financing and/or joint funding applications, **cost avoidance opportunities, rate structures, and other fiscal constraints and opportunities.**

Determination 4: **Status of, and opportunities for, shared facilities**

If service providers develop strategies for sharing resources, public service costs may be reduced and service efficiencies increased. In making a determination on opportunities for shared facilities, LAFCO may consider if an agency's facilities are currently being utilized to capacity and whether efficiencies can be achieved by accommodating the facility needs of adjacent agencies.

Determination 5: **Accountability for community service needs, including governmental structure and operational efficiencies**

The service review may include options to provide more logical service boundaries to the benefit of customers and regional planning goals and objectives. In making a determination on government structure, LAFCO may consider possible consolidations, mergers and/or reorganizations. The service review may also consider the agency's management efficiencies in terms of operations and practices in relation to the agency's ability to meet current and future service demands.

Determination 6: **Any other matter related to effective or efficient service delivery, as required by Commission policy.**

## I. Municipal Service Review Guidelines

- 1) Purpose - To provide guidance to the Contra Costa Local Agency Formation Commission in preparing and conducting municipal service reviews.
- 2) Background - Effective January 1, 2001, ~~the~~ CKH Act requires LAFCO to review municipal services. The requirement for Municipal Service Reviews (MSRs) is in response to the identified need of a more coordinated and efficient public service structure to support California's growth. The MSR provides LAFCO with a tool to comprehensively study existing and projected public service conditions and to evaluate organizational options for accommodating growth, preventing urban sprawl, and ensuring that critical services are efficiently and cost-effectively provided.
- 3) Goals and Objectives - ~~Effective January 1, 2001~~, LAFCOs are required to conduct MSRs and prepare written statements of determinations with respect to each of the following [§56430], as revised 1/1/08. The consolidated list of determinations will apply to MSRs initiated after 1/1/08.

~~(a) Infrastructure needs or deficiencies;~~

~~(b)(a) Growth and population projections for the affected area;~~

(b) Present and planned capacity of public facilities and adequacy of public services, including ~~Infrastructure needs or deficiencies~~;

(c) Financial ability of agencies to provide services. ~~ng constraints and opportunities;~~

(d) Status of, and opportunities for shared facilities. ~~Cost avoidance opportunities;~~

(e) Accountability for community service needs, including governmental structure and operational efficiencies. ~~Opportunities for rate structuring;~~

(f) Any other matter related to effective or efficient service delivery, as required by Commission policy. ~~Opportunities for shared facilities;~~

~~(g) Government structure options, including advantages and disadvantages of consolidation or reorganization of service providers;~~

~~(h) Evaluation of management efficiencies, and~~

~~(i)(g) Local accountability and governance.~~

The MSR process does not require LAFCO to initiate changes of organization based on service review findings; it only requires that LAFCO make determinations regarding the provision of public services per §56430. However, LAFCO, other local agencies and the public may subsequently use the information contained in the MSRs as a basis to pursue changes of organization or reorganization or sphere of influence amendments.

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- (e) LAFCO will prepare or cause to be prepared a Draft MSR for circulation to affected agencies and other interested parties for review and comment.
- (f) The Draft MSR will be considered at a public hearing, at which time the Commission may accept the report with or without modifications, adopt the required determinations, direct staff to prepare the Final MSR, and take other actions as appropriate.
- (g) The cost associated with conducting the baseline MSRs will be incorporated in the annual LAFCO budget, and will be shared by the funding agencies. Should a separate or expanded MSR be required, including an MSR involving a multi-county agency(ies), the requestor ~~Agencies requiring a separate or expedited review~~ will be required to fund the MSR. LAFCO shall prepare, or cause to be prepared, such MSR.

11) Timing

Effective January 1, 2008, and every five years thereafter, the Commission shall, as necessary, review and update every sphere of influence [§56425(g)]. ~~LAFCOs are required to complete the baseline MSRs by the statutory deadline of January 1, 2008. Subsequently,~~ MSRs will be completed, as necessary, concurrent with SOI formations, updates or substantial amendments, but not less than every five years.

12) Factors for Analysis - As part of its review of municipal services, LAFCO must prepare a written statement of its determination with respect to the following factors. [§56430]

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~~Infrastructure needs or deficiencies~~

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Determination 2: Growth and population projections for the affected area  
Present and planned capacity of public facilities and adequacy of public services, including infrastructure needs or deficiencies

The present and planned capacity of public facilities and services is linked to an agency's ability to plan for future needs, including infrastructure. The term "infrastructure needs and deficiencies" refers to the status of existing and planned infrastructure and its relationship to the quality of levels of service that can or need to be provided. In making a determination on infrastructure needs or deficiencies, LAFCO may consider ways in which the agency has the ability and capacity to provide service.~~The efficient provision of public services is linked to an agency's ability to plan for future needs. Such factors as projected growth in and around the agency's service areas and impact of land use plans and growth patterns on service demands may be reviewed. In making a determination on growth and population projections, LAFCO may consider an agency's ability to plan for future need.~~

Determination 3: Financial ability of agencies to provide services  
~~Financing constraints and opportunities~~

LAFCOs must weigh a community's public service needs against the resources available to fund the services. In making a determination on the financial ability of an agency to provide services,~~financing constraints and opportunities,~~ LAFCO may review such factors as an agency's potential for shared financing and/or joint funding applications, cost avoidance opportunities, rate structures, and other fiscal constraints and opportunities.

Determination 4: Status of, and opportunities for, shared facilities  
~~Cost avoidance opportunities~~

If service providers develop strategies for sharing resources, public service costs may be reduced and service efficiencies increased. In making a determination on opportunities for shared facilities, LAFCO may consider if an agency's facilities are currently being utilized to capacity and whether efficiencies can be achieved by accommodating the facility needs of adjacent agencies.

~~The term "cost avoidance" means such actions as eliminating unnecessary costs derived from, but not limited to, duplication of service, higher than necessary administration/operation cost ratios, use of outdated or deteriorating infrastructure~~

~~and equipment, and inefficient service boundaries. In making a determination on cost avoidance opportunities, LAFCO may consider an agency's ability to identify practices or opportunities that may eliminate unnecessary costs.~~

Determination 5: Accountability for community service needs, including governmental structure and operational efficiencies ~~Opportunities for rate restructuring~~

~~The service review may include options to provide more logical service boundaries to the benefit of customers and regional planning goals and objectives. In making a determination on government structure, LAFCO may consider possible consolidations, mergers and/or reorganizations. The service review may also consider the agency's management efficiencies in terms of operations and practices in relation to the agency's ability to meet current and future service demands. The objective for this determination is to identify opportunities to positively impact rates without adversely affecting service quality or other factor to be considered. Rate restructuring does not refer to the setting or development of specific rates or rate structures. In making a determination on opportunities for rate restructuring, LAFCO may consider an agency's ability to identify opportunities to positively impact rates without decreasing service.~~

Determination 6: Any other matter related to effective or efficient service delivery, as required by Commission policy. ~~Opportunities for shared facilities~~

~~If service providers develop strategies for sharing resources, public service costs may be reduced and service efficiencies increased. In making a determination on opportunities for shared facilities, LAFCO may consider if an agency's facilities are currently being utilized to capacity and whether efficiencies can be achieved by accommodating the facility needs of adjacent agencies.~~

Determination 7: Government structure options

~~The service review may include options to provide more logical service boundaries to the benefit of customers and regional planning goals and objectives. In making a determination on government structure, LAFCO may consider possible consolidations, mergers and/or reorganizations.~~

Determination 8: Evaluation of management efficiencies

~~The term "management efficiency" refers to the organized provision of the highest quality public services with the lowest necessary expenditure of public funds. In making a determination on evaluation of management efficiencies, LAFCO may evaluate and analyze an agency's functions, operations and practices, as well as an agency's ability to meet current and future service demands.~~

Determination 9: 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. In making a determination of local accountability and governance, LAFCO will consider the degree to which the agency fosters local accountability.~~