



# TULARE COUNTY LOCAL AGENCY FORMATION COMMISSION

210 N. Church Street, Suite B, Visalia 93291 Phone: (559) 624-7261 FAX: (559) 733-6720

**LAFCO MEETING AGENDA**  
March 7, 2012 @ 2:00 P.M.  
BOARD OF SUPERVISORS CHAMBERS  
COUNTY ADMINISTRATION BUILDING  
2800 West Burrel Avenue  
Visalia, CA. 93291

COMMISSIONERS:  
Allen Ishida  
Juliet Allen, Chair  
Steve Worthley  
Cameron Hamilton, V-Chair  
Rudy Mendoza

ALTERNATES:  
Gerald Magoon  
Amy Shuklian  
Mike Ennis

EXECUTIVE OFFICER:  
Ben Giuliani

- I. **Call to Order**
- II. **Approval of Minutes from February 1, 2011 (Pages 1-4)**
- III. **Public Comment Period**

At this time, members of the public may comment on any item not appearing on the agenda and that is within the scope of matters considered by the Commission. Under state law, matters presented under this item cannot be discussed or acted upon by the LAFCO Commission at this time. So that all interested parties have an opportunity to speak, any person addressing the Commission may be limited at the discretion of the chair. At all times, please use the microphone and state your name and address for the record.

IV. **Consent Calendar**

There are no items.

V. **Continued Action Items**

There are no items.

VI. **New Action Items**

- 1. **LAFCO Case 1467-1478, Group 4 District SOI Updates (Pages 5-18)**  
*[Public Hearing].....Recommended Action: Approval*

At the November 2011 LAFCO meeting, the commission initiated the Sphere of Influence Updates for the following districts: Alpine Village-Sequoia Crest CSD, Ducor CSD, East Orosi CSD, Patterson Tract CSD, Ponderosa CSD, Three Rivers CSD, Tract 92 CSD, Porter Vista PUD, CSA #1, Strathmore FPD and Woodlake FPD. New or amended Spheres of Influence are proposed for all of the above mentioned special districts with the exception of CSA #2. Approve the proposed Spheres of Influence as recommended, to be known as LAFCO Case Nos. 1467 through 1478.

**NOTE: Persons wishing to speak on any of the agenda items who have made a political contribution of more than \$250 to any commissioner in the last twelve months must indicate this when speaking.**

2. Initiate Sphere of Influence Updates to Lindmore ID and Lindsay-Strathmore ID LAFCO Case 1488 and 1489, (Pages 19-22)  
*[No Public Hearing] .....Recommended Action: Initiate*

District maps were provided at a recent pre-annexation meeting for a proposed Lindmore ID reorganization and inconsistencies were found between the Lindmore ID's boundaries and the current Lindmore ID and Lindsay-Strathmore ID Spheres of Influence near Strathmore and the City of Lindsay. The SOIs for these IDs were last updated 7/11/07 (Res. 07-034). It is recommended that the Commission initiate Sphere of Influence updates for Lindmore ID and Lindsay-Strathmore ID.

3. Alternate Public Member Selection Committee (Page 23-26)  
*[No Public Hearing] .....Recommended Action: Initiate*

At least one month prior to the expiration of the term of office of the Public or Alternate Public Member, the Commission shall appoint a selection committee consisting of one County Member and one City Member. The term of office of the Alternate Public Member representing the general public on the Tulare County Local Agency Formation Commission will become vacant due to the expiration of the term of GERALD MAGOON on May 1, 2012. It is recommended that the Commission initiate action to appoint the members of the selection committee.

## **VII. Executive Officer's Report**

1. Proposed Amendment to Policy C-1(Page 27-34)

The recently signed and enrolled SB 244(Wolk) bill regarding disadvantaged communities added a provision in Government Code requiring the annexation of disadvantaged communities (with certain exceptions) when cities annex land of 10 acres or more (or as designated by LAFCO) that is contiguous to the affected disadvantaged community. The enclosed draft policy addresses these requirements. Options are also proposed to the Commission regarding the scope of the policy and identification of disadvantaged communities for LAFCO purposes.

2. Special Districts (Page 35-60)

The Legislative Analyst's Office (LAO) issued a report (attached) in October 2011 regarding the efficiency of small special districts, accountability of small special districts and the effectiveness of LAFCOs in relation to special districts. The California Special Districts Association (CSDA) has issued a survey to districts in counties where LAFCOs do not currently have special district membership.

3. Legislative Update (Page 61-62)

The Executive Officer will provide a status update of proposed legislation that will, or potentially could, impact LAFCO's legislative authority and/or administrative responsibility.

4. Upcoming Projects (No Page)

The Executive Officer will provide a summary and tentative schedule of upcoming LAFCO cases and projects.

## **VIII. Correspondence**

**NOTE: Persons wishing to speak on any of the agenda items who have made a political contribution of more than \$250 to any commissioner in the last twelve months must indicate this when speaking.**

None

**IX. Other Business**

Commissioner Report (Page 63)

At this time, any Commissioner may inform the Commission, Staff, or the public of pertinent LAFCO issues not appearing on the agenda.

1. Request from LAFCO for items to be set for future agendas

**X. Closed Sessions**

There are no items.

**XI. Setting Time and Place of Next Meeting**

April 4, 2012 @ 2:00 P.M. in the Board of Supervisors Chambers in the County Administration Building

**XII. Adjournment**

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<i>Item No.</i>	<i>Agenda Summary</i>
<i>II.</i>	<i>Please see enclosed February 1, 2011 meeting minutes</i>
<i>VI.1.</i>	<i>Please see enclosed Staff Report for LAFCO Case 1467-1478</i>
<i>VI.2.</i>	<i>Please see enclosed Staff Report for LAFCO Case 1488-1489</i>
<i>VI.3.</i>	<i>Please see enclosed Staff Report for Selection Committee</i>
<i>VII.1.</i>	<i>Please see enclosed memo and Proposed Amendment to Policy C-1 (Factors and standards to be considered in review of proposals)</i>
<i>VII.2.</i>	<i>Please see enclosed memo, LAO report and CSDA survey</i>
<i>VII.3.</i>	<i>Please see enclosed memo</i>
<i>VII.4.</i>	<i>There are no enclosures for this item</i>
<i>VIII.</i>	<i>There are no enclosures for this item</i>
<i>IX.1.</i>	<i>Please see enclosed CALAFCO Board Quarterly Report.</i>

**NOTE: Persons wishing to speak on any of the agenda items who have made a political contribution of more than \$250 to any commissioner in the last twelve months must indicate this when speaking.**

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**TULARE COUNTY LOCAL AGENCY FORMATION COMMISSION**  
**Minutes of the Meeting**  
**February 1, 2012**

**Members Present:** Julie Allen, Cameron Hamilton, Allen Ishida, Steve Worthley

**Members Absent:** Rudy Mendoza

**Alternates Present:** Gerald Magoon, Amy Shuklian

**Alternates Absent:** Mike Ennis

**Staff Present:** Ben Giuliani, Cynthia Echavarria, Carrie Perez

**Counsel Present:** Arlene Silva

**I. Call to Order**

Chair Allen called the Tulare County Local Agency Formation Commission meeting to order at 2:00 p.m. on February 1, 2012.

**II. Approval of the December 7, 2011 Minutes:**

Upon motion by Steve Worthley and seconded by Cameron Hamilton, the Commission unanimously approved the December 7, 2011 minutes.

**III. Public Comment Period**

Chair Allen opened the Public Comment Period.

No comments were received; Chair Allen closed the Public Comment Period.

**IV. Consent Calendar Items**

There were no Consent Calendar items.

**V. Continued Action Items**

There were no Continued Action Items.

**VI. New Action Item**

1. LAFCO Case 1487, Poplar CSD Annexation 2008-1

Staff Analyst Echavarria reviewed the staff report for the annexation and made a correction to Figure #4, located on page 11 in the agenda - the site was previously stated as not in the sphere of influence (SOI) but it is in fact inside the SOI. Staff recommended approval with no conditions.

Chair Allen asked if Commissioners had any questions of staff.

Commissioner Worthley asked why this annexation was needed since the District was already making use of the land for irrigation.

Executive Officer Giuliani stated that by annexing this site it would make them exempt from paying property taxes.

Chair Allen opened the public comment period. Hearing none, Chair Allen closed the public comment period.

Upon motion made by Commissioner Ishida and seconded by Commissioner Hamilton the Commission unanimously approved LAFCO Case 1487, Poplar CSD Annexation 2008-1.

## **VII. Executive Officer's Report**

### **1. Legislative Update**

Executive Officer Giuliani informed the Commission regarding a request from CALAFCO to ask the Commissioners of the individual LAFCOs what kind of interest there is in possibly renaming LAFCO. The next step would be for CALAFCO to form a committee that would look at possible alternatives to the name. After discussion amongst the Commissioners, it was decided that at the next CALAFCO meeting Chair Allen would report that Tulare County LAFCO didn't think the issue was important enough for CALAFCO to spend time and resources on.

EO Giuliani also reported on other legislation that CALAFCO is working on, such as extending the county islands annexation provisions that are currently in CKH, working with other agencies to clarify the revenue and taxation code and the annual omnibus bill for minor fixes to CKH.

### **2. Draft Policy C-1**

EO Giuliani reported that the draft policy is in relation to SB244 regarding disadvantaged and unincorporated communities. The Commission has already adopted policy regarding disadvantaged and unincorporated communities in relation to municipal service reviews. However, part of the bill not yet addressed has to do with city annexations next to disadvantaged and unincorporated communities. There is a stipulation in the bill now chaptered in CKH, that details, that for any undeveloped annexation (10 acres or more or as set by Commission policy) that occurs contiguous to a disadvantaged community, a city would have to either annex that community or prove to the Commission with written evidence, that that community doesn't want to be annexed. Included in the draft policy is a provision where for annexations next to a disadvantaged community that is already served by a special district that the annexation would have to be at least 1/3 the size of the district before this policy would apply. EO Giuliani asked if the commissioners had any questions.

Commissioner Worthley stated that he has a problem with the survey exception language. He expressed concern that the cities could dissuade annexation with a biased survey.

EO Giuliani responded that there were three potential ways to address that issue:

1. Commission could question the results of the survey or written evidence.
2. Create a base survey where the cities would fill in the specifics.
3. Have the commission approve a specific survey beforehand.

Commissioner Worthley responded that a pre-approved survey would be preferable.

Chair Allen asked Commissioner Worthley if he was suggesting that there be a survey process that LAFCO as a commission would approve the survey or was he suggesting that the Commission develop and approve its own survey with particular slots for details of traditional services to be filled in by the city?

Commissioner Worthley responded that it might be easiest where LAFCO would have a form, and then a city would fill in the blanks and then have our staff review it before it goes out.

Chair Allen responded that she wanted input from the cities. Would the cities prefer LAFCO at the front end, approve that survey instrument or would it be better, more efficient for you (the cities), if LAFCO crafts a master questionnaire with certain blanks left to be filled in, as

well as other questions to be added by the city? At least to make sure that LAFCO items are addressed in a neutral way.

City of Visalia Planner, Paul Scheibel was asked to address the commission.

Mr. Scheibel agreed that LAFCO should craft a master questionnaire.

After further discussion amongst the Commission, Chair Allen stated that there seems to be a widely shared sense that we would like to see a draft of a master questionnaire and how you work in the lines that need to be filled in as well as those items the cities would add as a matter of choice. Chair Allen asked if anyone would like to speak on this to please come forward to the microphone.

Mr. Scheibel stated that the City was in support of the policy but requested that language be added to note "annexation as filed" because annexation boundaries could be changed by the Commission to trigger the policy.

Commissioner Worthley noted that the opposite could also happen where the cities could manipulate the boundaries to avoid the policy.

EO Giuliani stated that he would try to address both concerns in the next draft.

Phoebe Seaton with California Legal Assistance, requested that the survey template go out for public review. She also stated that annexations next to districts shouldn't be treated differently than other annexations next to disadvantaged communities.

Chair Allen summarized that the Commission would like to see a draft of a master questionnaire go out to the cities and anyone else for public comment. We will get feed back from all city planners if language is correct. It could take two (2) to three (3) months to finalize the policy.

Commissioner Shuklian left at 2:58 PM.

3. Group 4 District SOI Updates

EO Giuliani reported that the updates will be brought back to the Commission for action at the next meeting.

4. Alternate Public Member Selection Process

Alternate Public Member Gerald Magoon announced that he will not be coming back for another term.

EO Giuliani reviewed the process for selecting the Alternate Public Member.

5. Upcoming Projects

EO Giuliani noted that there are no changed of organization currently in the pipeline. MSRs for Visalia and Dinuba are almost ready to go out for public review. Dinuba and County staff are working together on a compromise on their SOI.

**VIII. Correspondence**

None

**IX. Other Business**

1. Commissioner Report - At this time, any Commissioner may inform the Commission, Staff, or the public of pertinent LAFCO issues not appearing on the agenda.

Commissioner Ishida would like LAFCO to put a sign up at the new office.

2. Request from LAFCO for items to be set for future agendas

None

**X. Closed Sessions**

There are no items

**XI. Setting Time and Place of Next Meeting**

March 7, 2012 @ 2:00 P.M. in the Board of Supervisors Chambers in the County Administration Building.

**XII. Adjournment**

The meeting was adjourned.





# TULARE COUNTY LOCAL AGENCY FORMATION COMMISSION

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COMMISSIONERS:  
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*Allen Ishida*

ALTERNATES:  
*Gerald Magoon*  
*Amy Shuklian*  
*Mike Ennis*

EXECUTIVE OFFICER:  
*Ben Giuliani*

March 7<sup>th</sup>, 2012

TO: LAFCO Commissioners, Alternates, Counsel

FROM: Cynthia Echavarria

SUBJECT: Sphere of Influence (SOI) Updates

## **Background**

Pursuant to Government Code section 56425(g): "On or before January 1, 2008, and every five years thereafter, the commission shall, as necessary, review and update each sphere of influence." A sphere of influence (SOI) is defined as the following by Government Code section 56076: "A plan for the probable physical boundaries and service area of a local agency, as determined by the commission."

On November 2, 2012, the Commission initiated SOI updates for the following urban districts (case number in parenthesis):

Alpine Village-Sequoia Crest CSD(1467), Ducor CSD (1468), East Orosi CSD(1469), Patterson Tract CSD(1470), Ponderosa CSD(1471), Three Rivers CSD(1472), Tract 92 CSD(1473), Porter Vista PUD(1474), CSA #1(1475), CSA #2(1476), Strathmore FPD(1477) and Woodlake FPD(1478).

For cases 1467 through 1478, staff is recommending new or amended Spheres of Influence for all of the above districts with the exception of CSA #2 (1472). Notice of these SOI reviews and updates and staff proposals were sent to the affected districts and their respective engineers. To date, no comments have been received.

## **Discussion**

Alpine Village-Sequoia Crest Community Services District An SOI has never been established for this district. The County currently does not have a planning boundary for the community and there is no proposed boundary included in the General Plan Update.

This district is landlocked by U.S. National Forest land. Staff is recommending that the SOI be set coterminous to the District boundary.

Ducor Community Services District An SOI has never been established for this district. The County does have a UDB for the community. Staff is proposing to include the UDB area in the SOI for the District.

East Orosi Community Services District There is an established SOI for this district that matches the County's UDB for East Orosi. Staff is proposing that the Commission should reaffirm the SOI for the District.

Patterson Tract Community Services District There is an established SOI for this district that is coterminous with District boundaries. The County UDB includes a much larger area. The subdivisions to the south of Patterson Tract CSD are serviced by Cal Water as part of their Visalia water system. Staff is proposing that the Commission should reaffirm the SOI for the District.

Ponderosa Community Services District An SOI has never been established for this district. The County currently does not have a planning boundary for the community and there is no proposed boundary included in the General Plan Update. This district is landlocked by U.S. National Forest land. Staff is recommending that the SOI be set coterminous to the District boundary.

Three Rivers Community Services District An SOI has never been established for this district. The County UDB for Three Rivers includes large amounts of land outside of the District's boundaries. Due to the limited services currently provided by the District, staff is recommending that the SOI should be set coterminous to the District boundary.

Tract 92 Community Services District There is an established SOI for this district that is coterminous with District boundaries. The County currently does not have a planning boundary for the community and there is no proposed boundary included in the General Plan Update. Staff is proposing that the Commission should reaffirm the SOI for the District.

County Service Area #1 An SOI has never been established for this district. Staff is recommending that a SOI for the CSA be established that is coterminous with the County boundary.

County Service Area #2 An SOI has never been established for this district. This CSA serves the Wells Tract which is a disadvantaged unincorporated community adjacent to the City of Woodlake. The community is fully within the City's SOI. Due to its location in relation to the City, staff is recommending that no SOI be adopted for CSA #2.

Porter Vista Public Utility District There is an established SOI for this district which does not match the County's UDB for the community. The SOI, in some places, also extends beyond the District boundaries into the City of Porterville. Staff is recommending that the SOI for the District be amended to be coterminous with the outside boundary of the District.

Strathmore Fire Protection District The Strathmore FPD currently has an adopted SOI that is inconsistent with Tulare County's adopted Urban Development Boundary (UDB) for the community of Strathmore. It is recommended that the Commission amend the SOI to be consistent with the County's UDB for the community. The proposed amended SOI for the FPD would also be coterminous with the SOI of the Strathmore Public Utility District.

Woodlake Fire Protection District The Woodlake FPD currently has an adopted SOI that is inconsistent with the adopted SOI for the City of Woodlake. It is recommended that the Commission amend the SOI of the Woodlake FPD to be conterminous with SOI of the City of Woodlake.

### **Environmental Impacts:**

LAFCO is the lead agency for SOI updates. It has been determined with certainty that there is no possibility that the project may have a significant environmental effect on the environment and therefore it is found to be exempt from CEQA pursuant to section 15061(b)(3) of the State Guidelines. The Local Agency Formation Commission will file this Notice of Exemption upon approval of the Sphere of Influence Update.

### **Impact on Prime Agricultural Land, Agriculture and Open Space:**

No urban development or loss of open space and prime agricultural land would result with the adoption of these SOIs and there would be no impact to existing Williamson Act contracts.

### **Municipal Service Reviews:**

The Commission has recently adopted Municipal Service Reviews (MSRs) for all of the Group 4 Districts. This includes Community Service Districts – Res. 11-008 on 6/1/11; Porter Vista Public Utility District and County Service Areas #1 & #2 – Res. 11-013 on 9/7/11; Strathmore and Woodlake Fire Protection Districts – Res 11-015 on 10/5/11. The growth of many of these districts is constrained by domestic water quality or capacity issues or by sewer capacity limitations.

### **Statement of Determinations:**

As required by GC §56425(e), the Commission must consider and prepare a written statement of determinations (Exhibit I) with respect to each of the following:

- (1) The present and planned land uses in the area, including agricultural and open-space lands.
- (2) The present and probable need for public facilities and services in the area.
- (3) The present capacity of public facilities and adequacy of public services that the agency provides or is authorized to provide.
- (4) The existence of any social or economic communities of interest in the area if the commission determines that they are relevant to the agency.

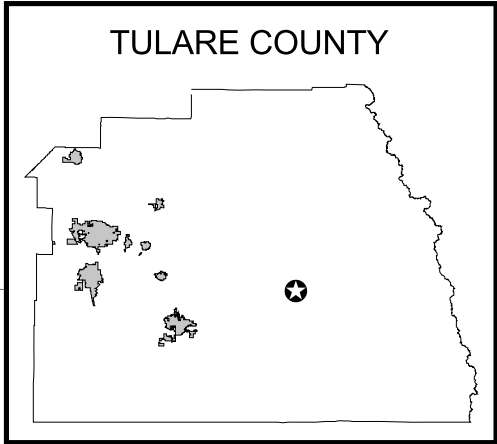
### **Recommendations:**

It is recommended that these amendments be approved and that the Commission take the following actions:

1. Find that the proposed SOI updates are Categorical Exempt from the California Environmental Quality Act pursuant to section 15061(b)(3) of the State Guidelines.
2. Find that pursuant to GC Section 56430, MSRs were completed and adopted for the abovementioned Special Districts.
3. Find that pursuant to GC §56426.5(b)(2), the proposed SOI updates will not adversely effect the continuation of any Williamson Act contracts beyond their current expiration dates.
4. Approve the proposed Spheres of Influence as recommended, to be known as LAFCO Case Nos. 1467 through 1478.

Figures:

Case 1467	Alpine Village-Sequoia Crest
Case 1468	Ducor CSD
Case 1469	East Orosi CSD
Case 1470	Patterson Tract t
Case 1471	Ponderosa CSD
Case 1472	Three Rivers CSD t
Case 1473	Tract 92 CSD t
Case 1474	Porter Vista PUD
Case 1475	CSA #1
Case 1476	CSA #2
Case 1477	Strathmore FPD
Case 1478	Woodlake FPD



Redwood

A winding line representing the Redwood creek or road, flowing from the Sequoia Crest area towards the Upper Alpine area.

Upper Alpine

A rectangular area shaded in gray, representing the Upper Alpine area, bounded by a thick black line.

Proposal:  
Adopt an SOI that is  
coterminous with  
District boundaries

Alpine Village

A rectangular area shaded in gray, representing the Alpine Village area, bounded by a thick black line.






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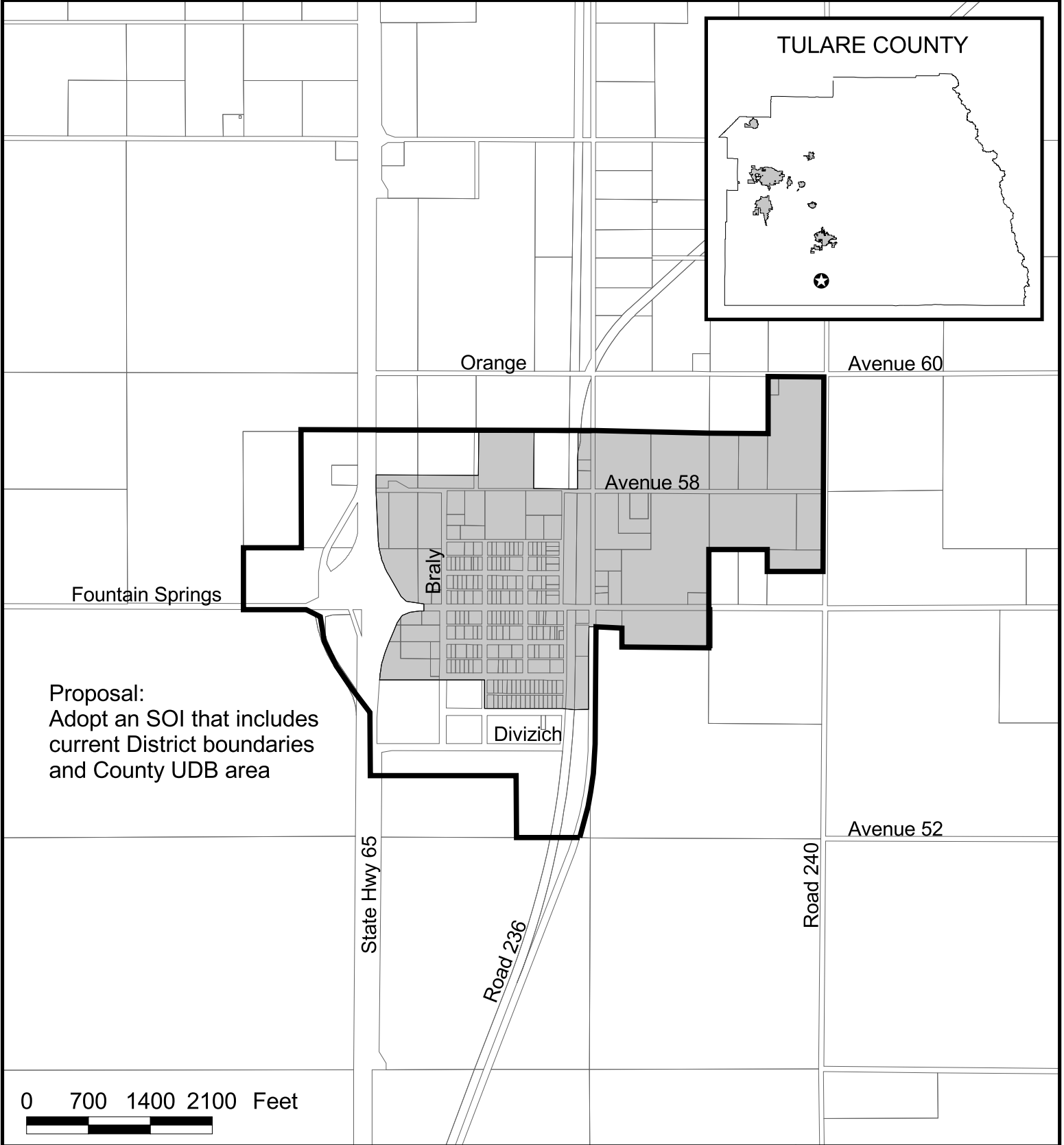
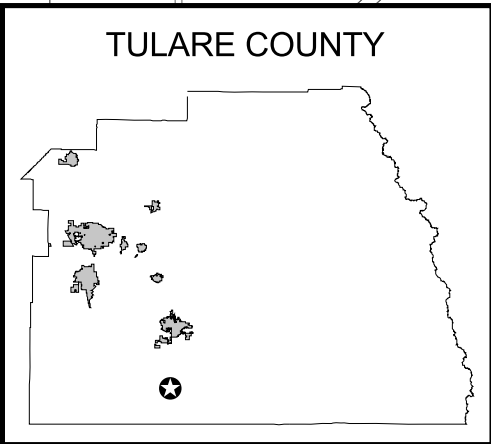
State Hwy 190

A winding line representing State Highway 190, running horizontally across the bottom right of the map.

-  PROPOSED SOI
-  CSD
-  PARCELS

LAFCO CASE 1467  
ALPINE VILLAGE -  
SEQUOIA CREST CSD  
SPHERE OF INFLUENCE  
UPDATE





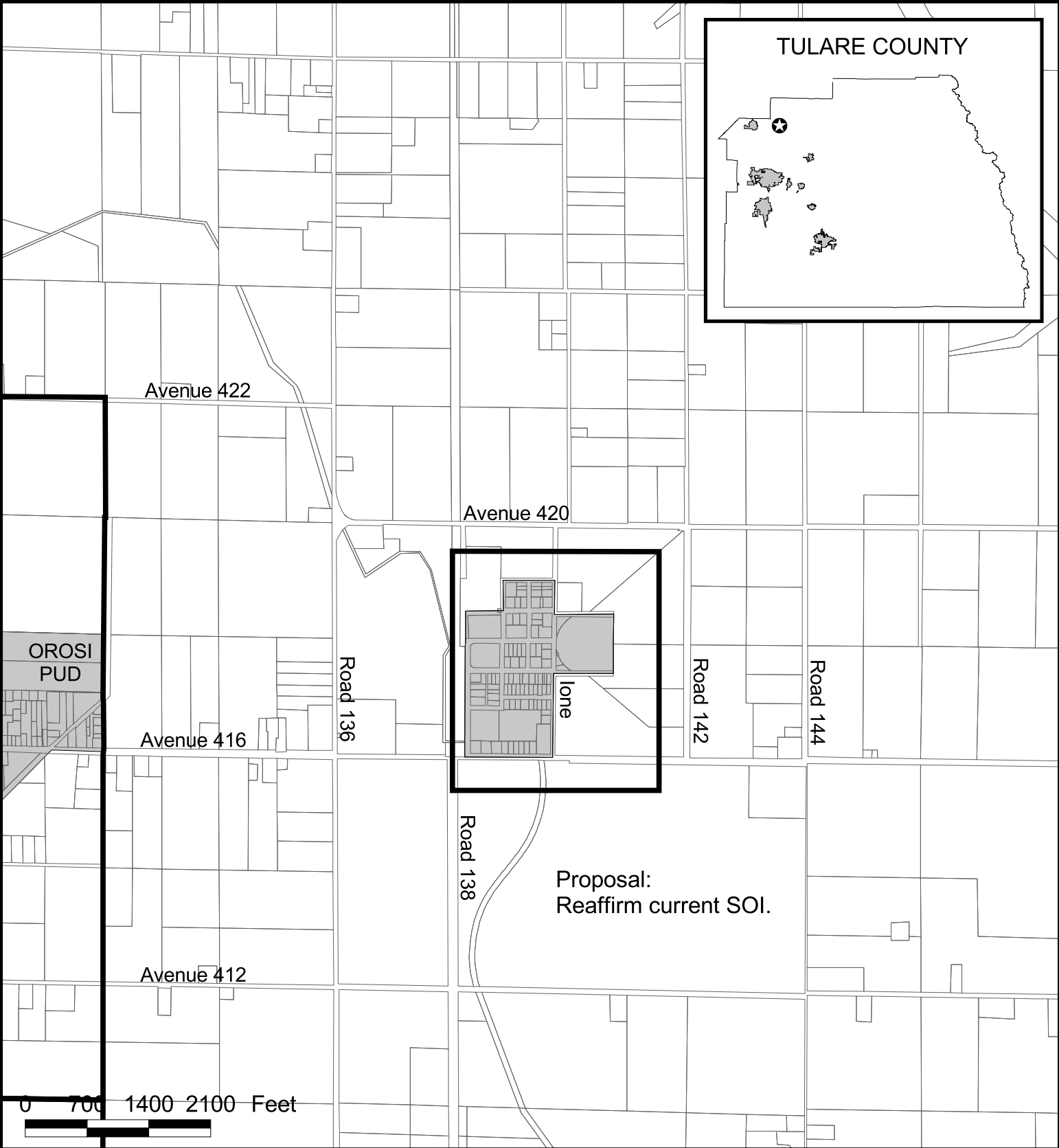
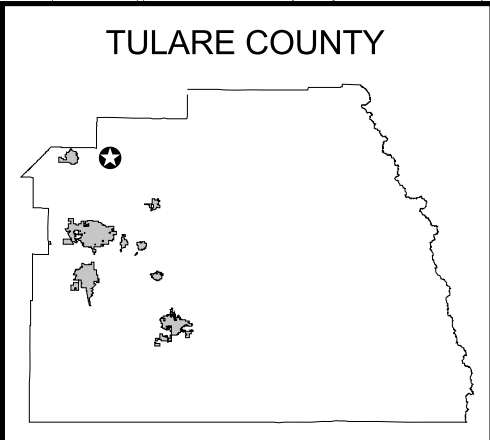
Proposal:  
Adopt an SOI that includes  
current District boundaries  
and County UDB area






- PROPOSED SOI
- CSD
- PARCELS

LAFCO CASE 1468  
DUCOR CSD  
SPHERE OF INFLUENCE  
UPDATE





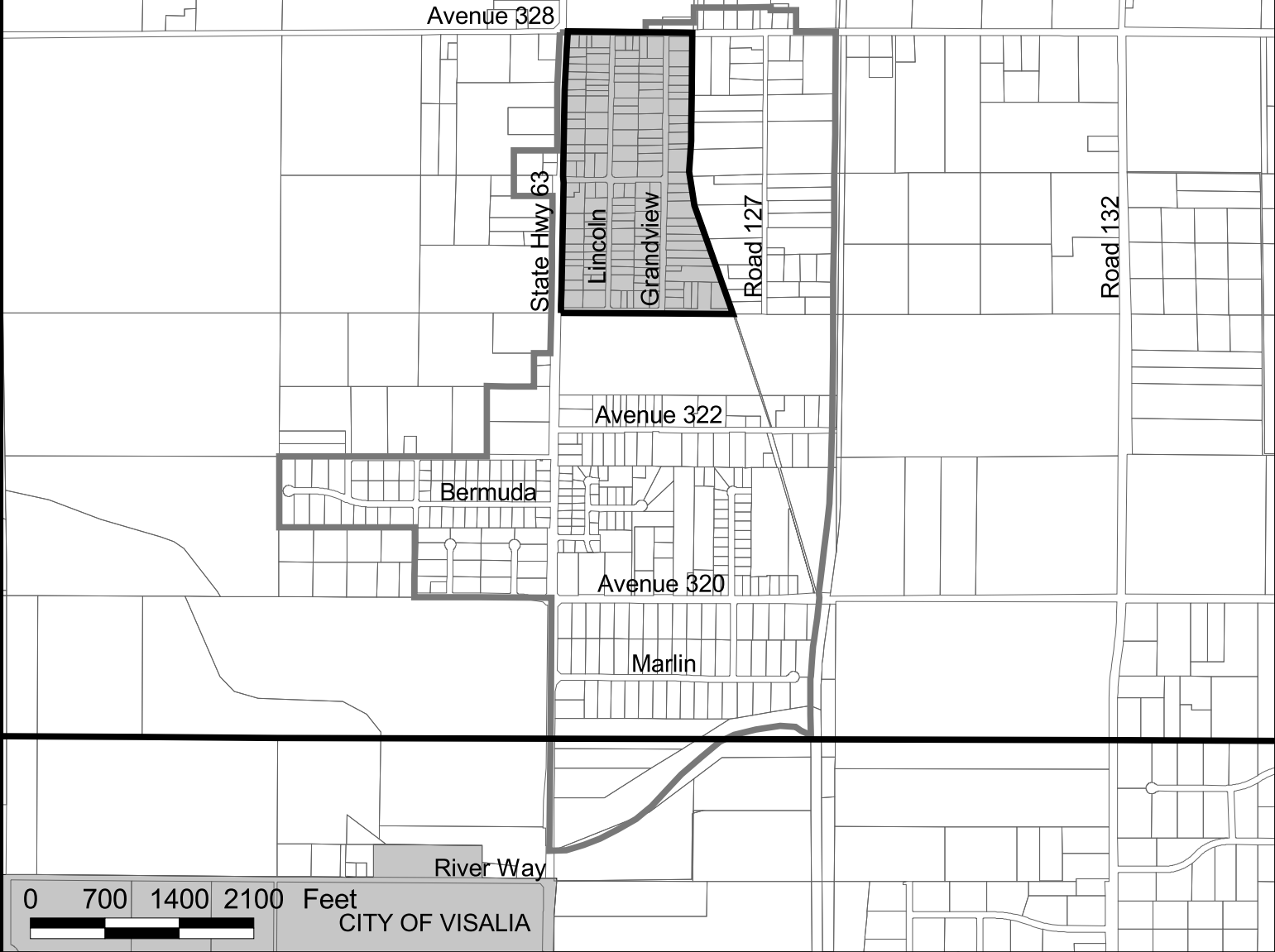
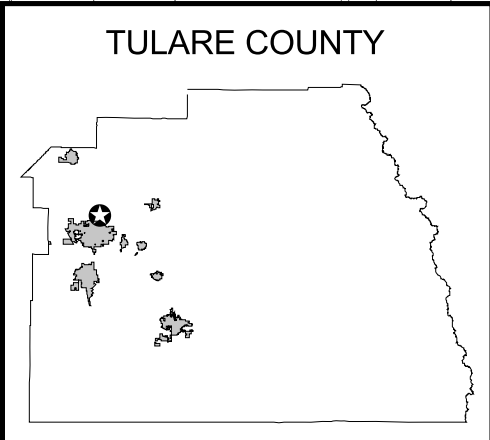
Proposal:  
Reaffirm current SOI.





-  SOI
-  CSD
-  PARCELS

LAFCO CASE 1469  
EAST OROSI CSD  
SPHERE OF INFLUENCE  
UPDATE



Proposal:  
Reaffirm existing  
SOI boundary.



-  SOI
-  COUNTY UDB\*
-  CSD
-  PARCELS

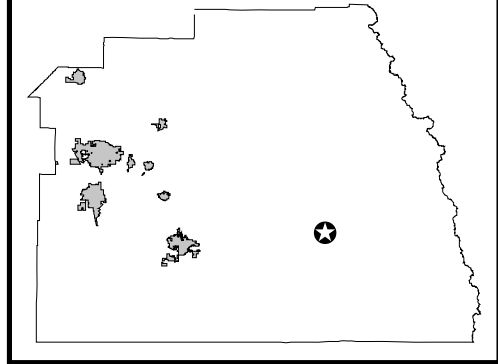
# LAFCO CASE 1470 PATTERSON TRACT CSD SPHERE OF INFLUENCE UPDATE



\*Southern portion of UDB area is served by California Water - Visalia District



TULARE COUNTY



Proposal:  
Adopt an SOI that is  
coterminous with  
District boundaries

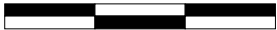
Forest Route 21s05




County Rte 107

Ponderosa

Aspen

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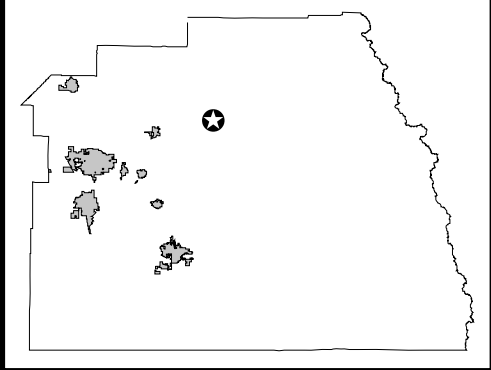


-  PROPOSED SOI
-  CSD
-  PARCELS

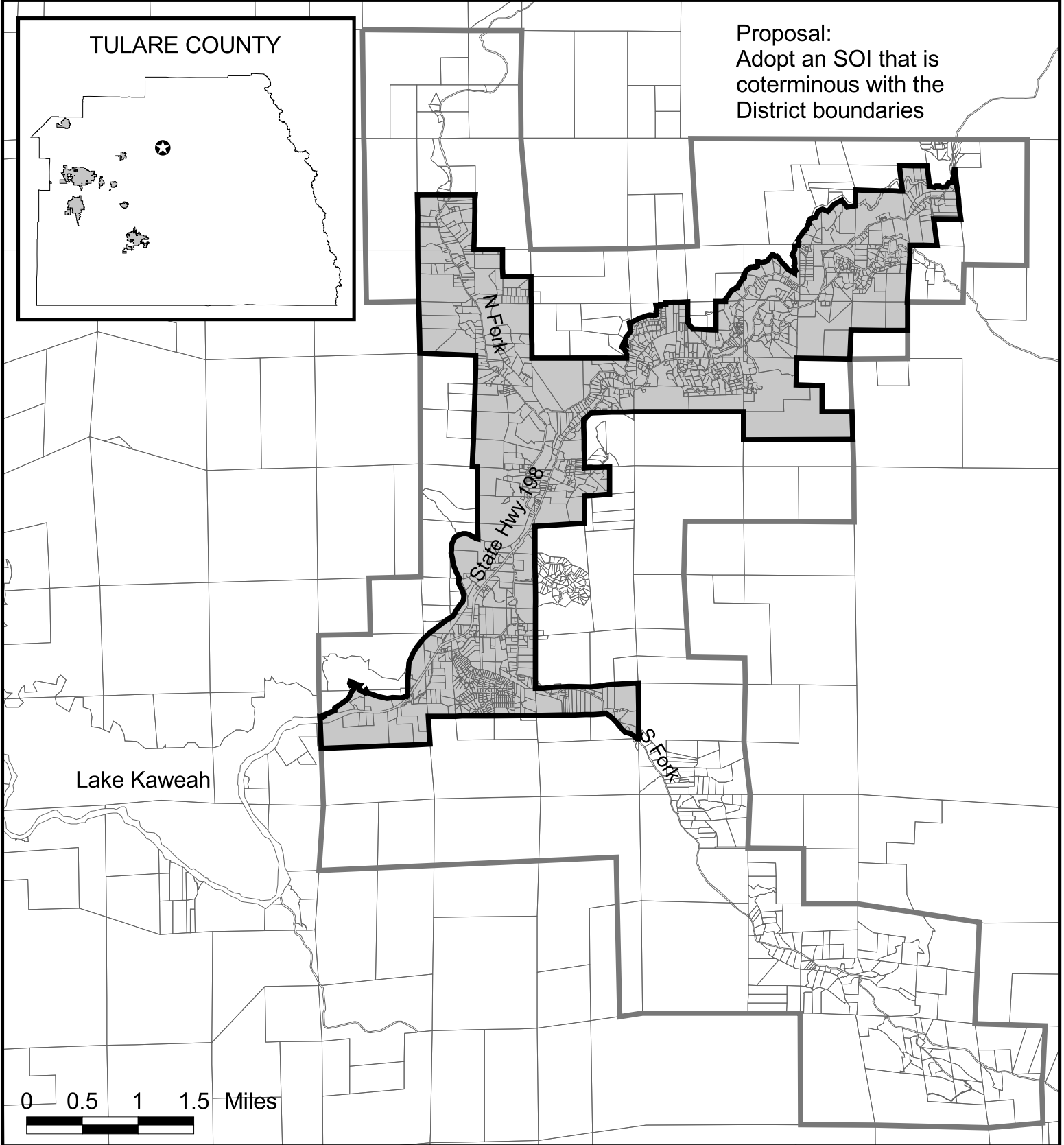
LAFCO CASE 1471  
PONDEROSA CSD  
SPHERE OF INFLUENCE  
UPDATE



TULARE COUNTY



Proposal:  
Adopt an SOI that is  
coterminous with the  
District boundaries



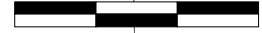
Lake Kaweah





N Fork

State Hwy 198

S Fork

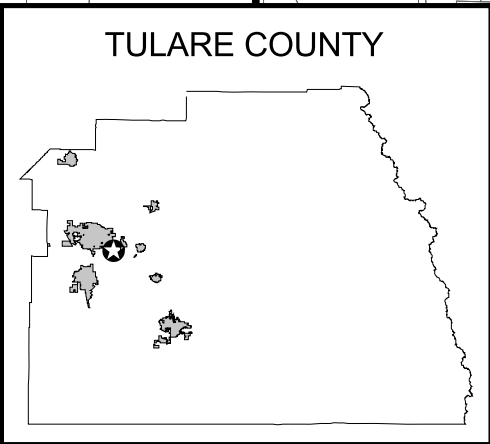
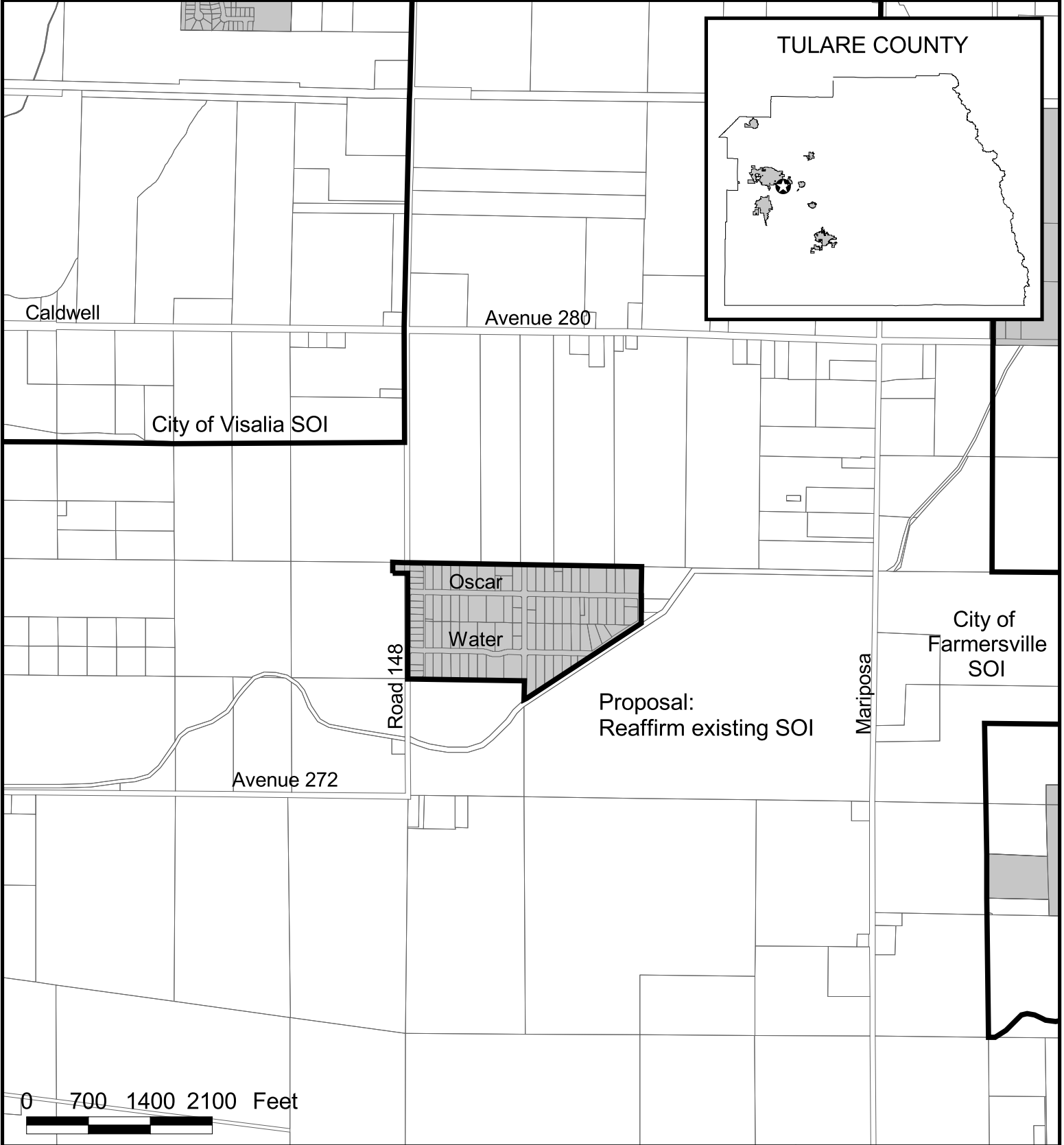
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


-  PROPOSED SOI
-  COUNTY UDB
-  CSD
-  PARCELS

LAFCO CASE 1472  
THREE RIVERS CSD  
SPHERE OF INFLUENCE  
UPDATE

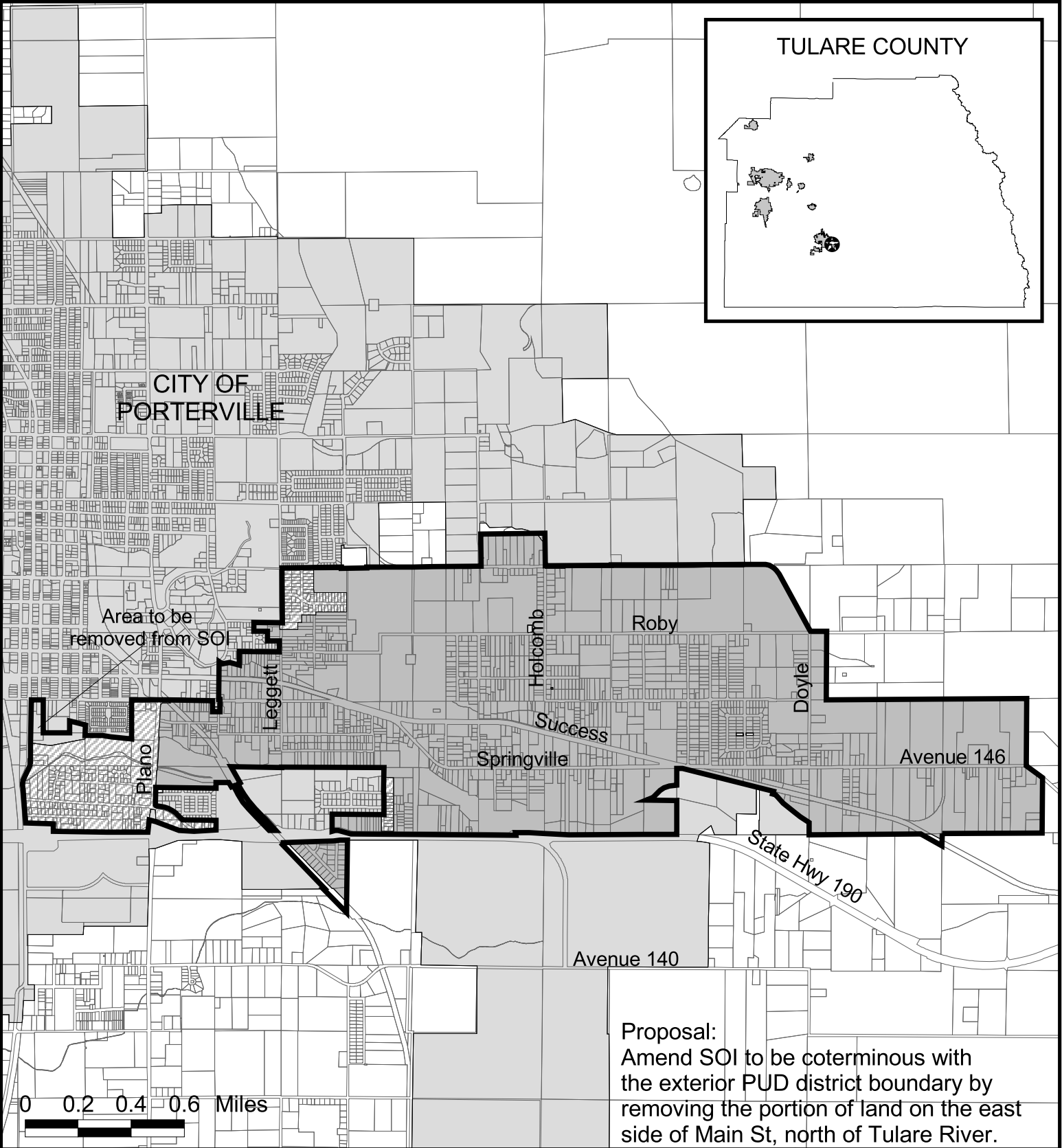
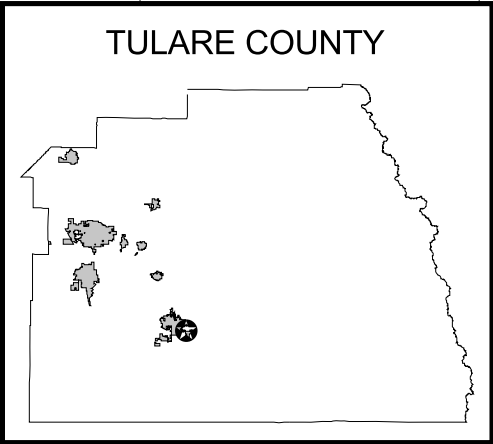









-  SOI
-  CSD
-  PARCELS

LAFCO CASE 1473  
 TRACT 92 CSD  
 SPHERE OF INFLUENCE  
 UPDATE





Proposal:  
Amend SOI to be coterminous with the exterior PUD district boundary by removing the portion of land on the east side of Main St, north of Tulare River.

-  CURRENT SOI
-  PUD
-  CITY
-  PUD & CITY
-  PARCELS

LAFCO CASE 1474  
PORTER VISTA PUD  
SPHERE OF INFLUENCE  
UPDATE



FRESNO COUNTY

INYO COUNTY



TULARE COUNTY

KERN COUNTY

Proposal:  
Adopt an SOI coterminous  
with the County boundary

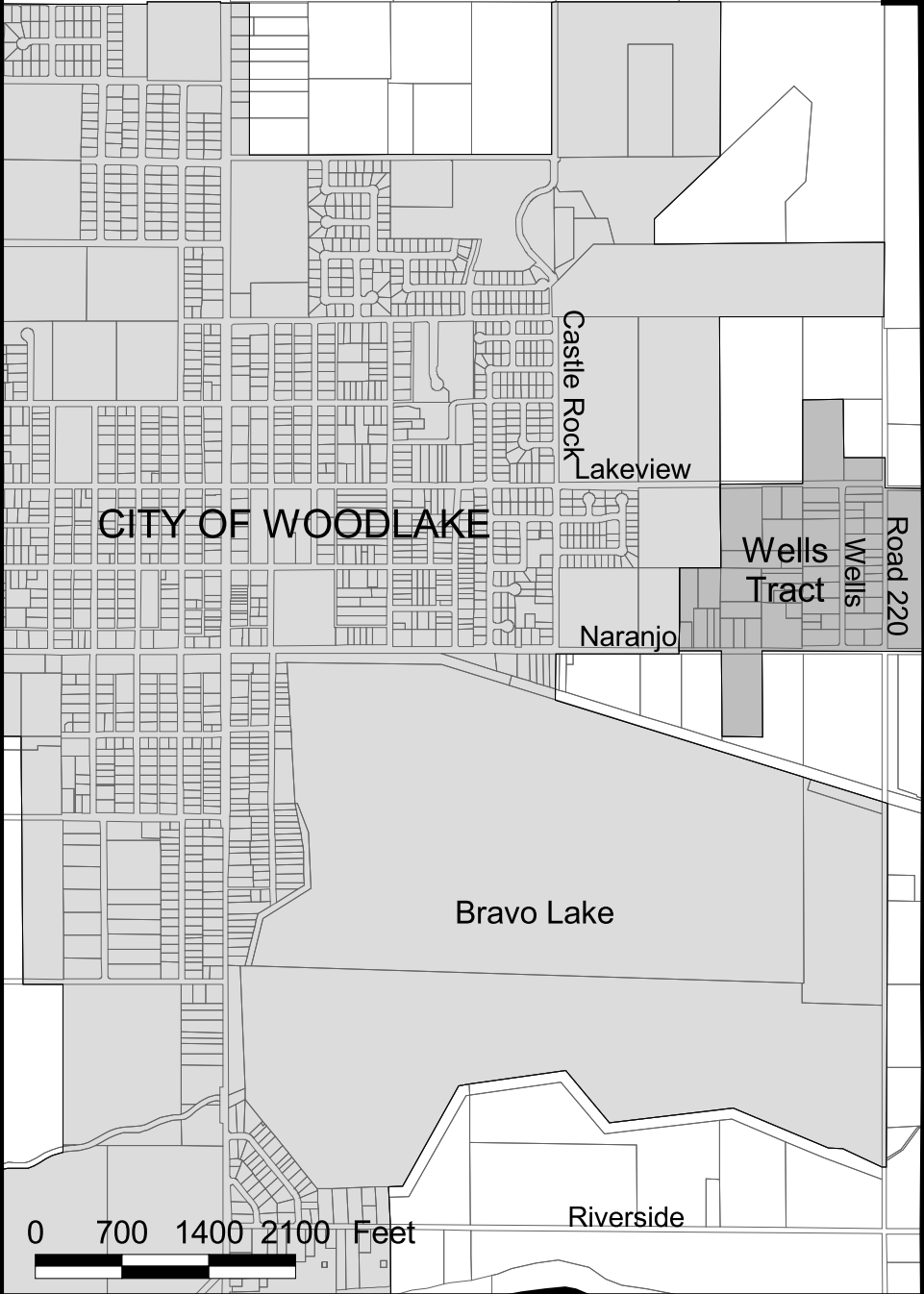
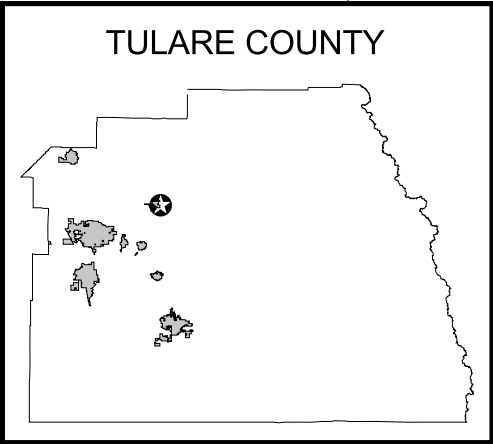
0 5 10 15 Miles



-  PROPOSED SOI
-  CSA





LAFCO CASE 1475  
COUNTY SERVICE AREA #1  
SPHERE OF INFLUENCE  
UPDATE





Proposal:  
Don't adopt an SOI for CSA #2  
(The Wells Tract is within the  
City's SOI and eventually should  
be annexed.)

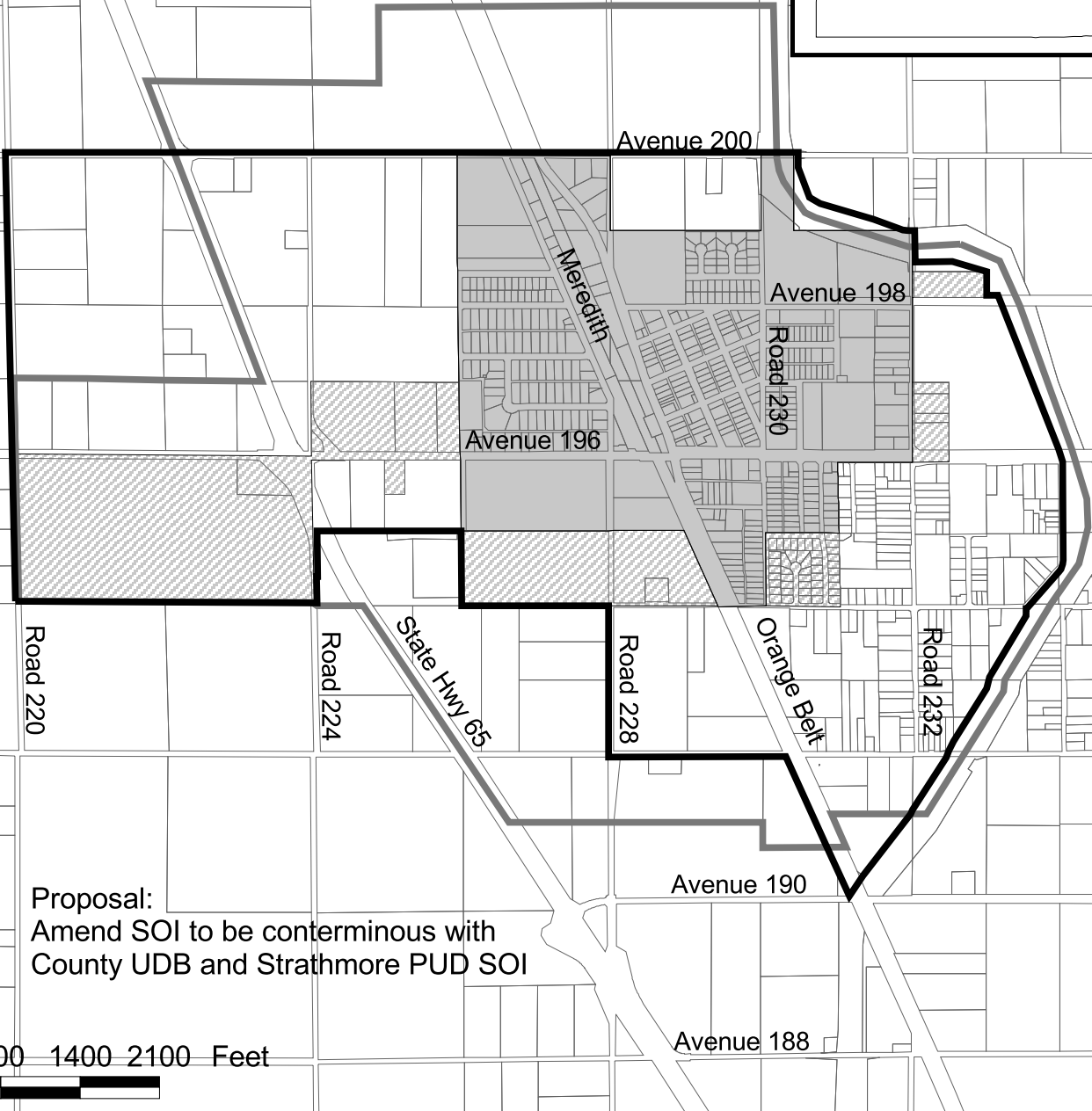
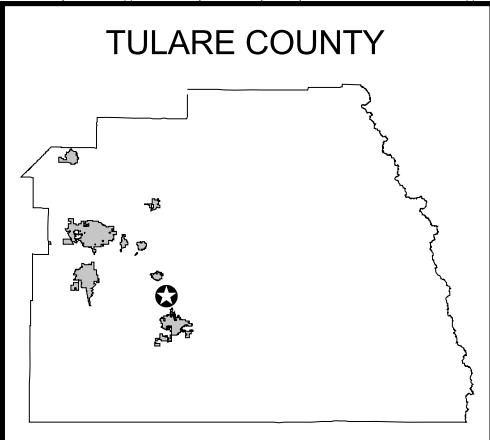
0 700 1400 2100 Feet

-  CITY SOI\*
-  CITY
-  CSA
-  PARCELS

LAFCO CASE 1476  
COUNTY SERVICE AREA #2  
SPHERE OF INFLUENCE  
UPDATE

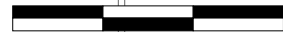







\*There is currently no SOI for CSA #2



Proposal:  
Amend SOI to be conterminous with  
County UDB and Strathmore PUD SOI

0 700 1400 2100 Feet

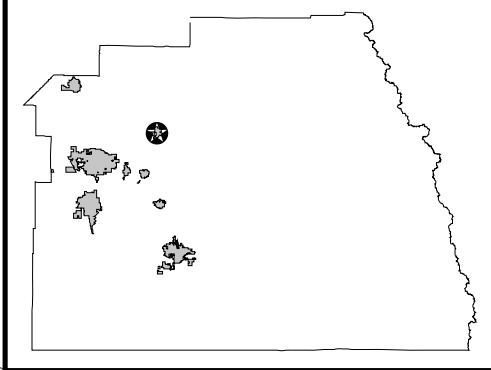


-  PROPOSED SOI
-  CURRENT SOI
-  FPD (& PUD)
-  PUD
-  PARCELS

LAFCO CASE 1477  
STRATHMORE FPD  
SPHERE OF INFLUENCE  
UPDATE



TULARE COUNTY



Proposal:  
Amend SOI to be coterminous  
with City of Woodlake SOI

Avenue 352

Valencia

SR-216

Naranja






Bravo Lake

Road 196

Friant-Kern Canal

SR-245

0 1000 2000 3000 Feet

-  PROPOSED SOI
-  CURRENT SOI
-  FPD
-  CITY
-  PARCELS

LAFCO CASE 1478  
WOODLAKE FPD  
SPHERE OF INFLUENCE  
UPDATE





**Statement of Determinations  
LAFCO Cases 1467-1478**

(1) The present and planned land uses in the area, including agricultural and open-space lands.

Alpine Village-Sequoia Crest Community Services District

An SOI has never been established for this district. The County currently does not have a planning boundary for the community and there is no proposed boundary included in the General Plan Update. This district is landlocked by U.S. National Forest land. Permits have not been issued in recent years for the construction of new dwelling units within district boundaries.

Ducor Community Services District

An SOI has never been established for this district. The County does have a UDB for the community. Staff is proposing to include the UDB area in the SOI for the District. There are no permits currently issued for construction of new dwelling units or expansion of existing residential developments within the District boundaries.

East Orosi Community Services District

There is an established SOI for this district that matches the County's UDB for East Orosi. Staff is proposing that the Commission should reaffirm the SOI for the District. There are no permits currently issued for construction of new dwelling units or expansion of existing residential developments within the District boundaries.

Patterson Tract Community Services District

There is an established SOI for this district that is coterminous with District boundaries. The County UDB includes a much larger area. The subdivisions to the south of Patterson Tract CSD are serviced by Cal Water as part of their Visalia water system. There are no permits currently issued for construction of new dwelling units or expansion of existing residential developments within the District boundaries.

Ponderosa Community Services District

An SOI has never been established for this district. The County currently does not have a planning boundary for the community and there is no proposed boundary included in the General Plan Update. This district is landlocked by U.S. National Forest land. District's population will remain substantially the same well into the future. There are no permits currently issued for construction of new dwelling units or expansion of existing residential developments within the District boundaries.

Three Rivers Community Services District

An SOI has never been established for this district. The County UDB for Three Rivers includes large amounts of land outside of the District's boundaries. Due to the limited services currently provided by the District, staff is recommending that the SOI should be set coterminous to the District boundary. The District has indicated that it plans to expand its jurisdictional boundaries in the future.

Tract 92 Community Services District

There is an established SOI for this district that is coterminous with District boundaries. The County currently does not have a planning boundary for the community and there is no proposed boundary included in the General Plan Update. Staff is proposing that the Commission should reaffirm the SOI for the District. There are no permits currently issued for construction of new dwelling units or expansion of existing residential developments within the District boundaries.

#### County Service Area #1

An SOI has never been established for this district. Staff is recommending that a SOI for the CSA be established that is coterminous with the County boundary. New connection requests within already existing ZOBs are rare. Additionally, the Tulare County Building Permits Center indicates that there are no active or pending permits for construction of new dwelling units or expansion of existing units within District ZOBs. Based on these two factors and the limited capacity of each system it is determined that the population served by CSA Nos. 1 and 2 will not experience significant growth in the foreseeable future.

#### County Service Area #2

An SOI has never been established for this district. This CSA serves the Wells Tract which is a disadvantaged unincorporated community adjacent to the City of Woodlake. The community is fully within the City's SOI. Due to its location in relation to the City, staff is recommending that no SOI be adopted for CSA #2.

#### Porter Vista Public Utility District

There is an established SOI for this district which does not match the County's UDB for the community. The SOI, in some places, also extends beyond the District boundaries into the City of Porterville. Staff is recommending that the SOI for the District be amended to be coterminous with the outside boundary of the District. There are no permits currently issued for construction of new dwelling units or expansion of existing residential developments within the District boundaries.

Strathmore Fire Protection District The Strathmore FPD currently has an adopted SOI that is inconsistent with Tulare County's adopted Urban Development Boundary (UDB) for the community of Strathmore. It is recommended that the Commission amend the SOI to be consistent with the County's UDB for the community. The proposed amended SOI for the FPD would also be coterminous with the SOI of the Strathmore Public Utility District. Based on available population estimates and projections and the fact that the area within the District's existing bounds is virtually fully developed, it is determined that the population within the SFPD's boundaries will remain largely unchanged in the foreseeable future.

Woodlake Fire Protection District The Woodlake FPD currently has an adopted SOI that is inconsistent with the adopted SOI for the City of Woodlake. It is recommended that the Commission amend the SOI of the Woodlake FPD to be coterminous with SOI of the City of Woodlake. Based on the population estimates and projections available, it is determined that the population within the WFPD's boundaries increases at a low and steady rate.

#### Patterson Tract Community Services District

Although samples tested in 2007 were found to have an extraordinarily high level of Nitrates (98 ppm), subsequent CCRs show that system sample test results have remained well below the MCL for Nitrates since 2007. Based on the limited amount of information available, it is determined that the PTCSO system is performing at an

adequate level and that infrastructure is in adequate condition. Aside from sporadic bacteriological contamination (E. Coli and Coliform) that has been addressed in a timely manner, it is determined that the quality of the water produced by the system is also adequate.

(2) The present and probable need for public facilities and services in the area.

The SOI update proposals either match district boundaries, reaffirm existing SOIs or make very minor modifications to existing SOIs. The areas proposed to be added to the various district SOIs will not require any additional services from the respective districts in the near future.

(3) The present capacity of public facilities and adequacy of public services that the agency provides or is authorized to provide.

MSRs were completed and adopted on 6/1/2011 The Commission has recently adopted Municipal Service Reviews (MSRs) for all of the Group 4 Districts. This includes Community Service Districts – Res. 11-008 on 6/1/11; Porter Vista Public Utility District and County Service Areas #1 & #2 – Res. 11-013 on 9/7/11; Strathmore and Woodlake Fire Protection Districts – Res 11-015 on 10/5/11.

Alpine Village-Sequoia Crest Community Services District - The AVCCSD provides a single service, snow removal. Snow removal service on the majority of Redwood Drive is already provided by Tulare County (not as part of the aforementioned JPA). The remainder of Redwood Drive (covered by the AVCCSD boundaries) is serviced upon request by the CSD. The Tulare County Resource Management Agency's Transportation Division's Camp Nelson satellite road yard responds to service requests. County equipment and staff are used to provide snow removal service.

Ducor Community Services District The Ducor, CSDs provide potable water service through what's termed a community water system, The MSR for Ducor CSD indicated that although the DCSD does provide a reliable supply of water that's distributed with adequate pressure to customer taps, the quality of the water itself is sub-par and, with the added expense of bottled water, forces district customers to allot a substantial portion of their income to the purchase of water supplies, approximately 10% of their total income compared to the 1.5 % affordability threshold recommended by the EPA, according to a Pacific Institute study of Central Valley unincorporated communities served by small water systems. The percentage spent by households varies from community to community and may be higher or lower than 10%. In order to address the issue of continuously needing secure new well sites while preemptively addressing the inevitable replacement of Well No. 5, the District must examine methods of using alternative water supplies such as treated surface water. Treated surface water provided by the Terra Bella Irrigation District (TBID) is the most feasible approach. This partnership can take place through a Joint Powers Authority agreement or district consolidation.

East Orosi Community Services District

Based on the records examined, it is determined that the EOCSD water system is chronically in violation maximum Nitrate levels allowed by law. It is further determined, based on the multiple notices of violation for failure to provide sample test results, CCRs, and customer notices of violation, that it is very likely system customers are not even

aware of the serious contamination issues facing their water system. Without being properly informed, district customers cannot safeguard against the health hazards posed by water contamination thereby putting their health and safety at risk.

#### Patterson Tract Community Services District

Although samples tested in 2007 were found to have an extraordinarily high level of Nitrates (98 ppm), subsequent CCRs show that system sample test results have remained well below the MCL for Nitrates since 2007. Based on the limited amount of information available, it is determined that the PTCSD system is performing at an adequate level and that infrastructure is in adequate condition. Aside from sporadic bacteriological contamination (E. Coli and Coliform) that has been addressed in a timely manner, it is determined that the quality of the water produced by the system is also adequate.

#### Ponderosa Community Services District

Because the PCSD provides snow removal service by contract with a private company it is only responsible for maintenance of the water system infrastructure. Based on average annual snowfall data, the amount of annual snowfall remains consistent, indicating that unexpected increases in demand for service do not occur often. Water system capacity versus actual flows demonstrates that the system has adequate capacity to meet current demand and accommodate unexpected increases in demand water service demand.

#### Three Rivers Community Services District

It is determined that the District's facilities and infrastructure are in adequate condition and that the District's current capacity is sufficient to serve the District's existing population. It is further determined that future increased demand can be accommodated in a timely and adequate manner based on the limited services the District provides.

#### Tract 92 Community Services District

Based on the fact that the Tract 92 population does not fluctuate very much (and when it does the fluctuation is typically negative) and the fact that the system is currently operating at under 50% capacity, it is determined that the TCSD has an adequate amount of capacity to meet any unexpected spike in demand within the next 5 years. Although irregularities were cited above there were proper mechanisms in place to identify them and steps to remedy the situation were taken in a short amount of time. As indicated above, regular maintenance of the system is conducted and thus the infrastructure of the system is adequate at this time.

#### County Service Area #1

Based on the data examined, it is determined that the Delft Colony water system infrastructure is in adequate condition, is able to meet current demand and provides water supplies of good quality with adequate pressure. It is determined that Yettem water system infrastructure is also in adequate condition and able to meet current demand levels. Steps should continue to be taken to ensure the amount of Nitrate contaminants to levels remain in compliance of the MCL allowed. It is determined that Seville water system infrastructure is not in adequate condition and is unable to meet current demand levels due to sporadic shut down of the system whenever repairs are needed. As suggested by Environmental Health's compliance order, it is determined that although not in excess of the actual established MCL, contaminant levels are high enough that the system should be treated as violator of Nitrate MCL. Accordingly, it is determined that the district must structure a plan to reduce Nitrate levels as prescribed in Environmental Health Order 01-2011.

#### County Service Area #2

An SOI has never been established for this district. This CSA serves the Wells Tract which is a disadvantaged unincorporated community adjacent to the City of Woodlake. The community is fully within the City's SOI. Due to its location in relation to the City, staff is recommending that no SOI be adopted for CSA #2.

Porter Vista Public Utility District

Based on the above-cited data, the Porterville WWTF infrastructure, which the PVPUD forms a part of, has ample capacity to collect, treat and discharge current flows. Furthermore, the analysis contained in the 2030 General Plan Update regarding future wastewater flow demands in conjunction with the City's update of its SSMP will ensure that upgrades are made to the City's WWTF to help meet expected demand. No infrastructure needs or deficiencies were identified from the information available to LAFCO.

Strathmore Fire Protection District It is determined that because the SFPD serves a very limited area and receives a very low number of fire emergency calls, the current equipment and support vehicles owned and operated by the County for use within District boundaries is sufficient to service the designated area efficiently.

Woodlake Fire Protection District

It is determined that because the WFPD serves a small area, the current equipment and support vehicles that it possesses are sufficient to service its designated area efficiently. This is evidenced by the District's 3-4 minute emergency response time to 90% of emergency calls dispatched (9 minutes is the standard set by the NFPA for urban volunteer fire agencies). In addition, due to the ARRA funds awarded to the District and its ability to raise revenues via revenue-generating mechanisms, such as Measure W, the WFPD has the capacity to upgrade its infrastructure and equipment in order to meet unexpected increase in emergency service demand.

- (4) The existence of any social or economic communities of interest in the area if the commission determines that they are relevant to the agency.

No relevant social or economic communities of interest have been identified.

**BEFORE THE LOCAL AGENCY FORMATION COMMISSION**  
**OF THE**  
**COUNTY OF TULARE, STATE OF CALIFORNIA**

In the Matter of the Proposed Updates                    )  
to Various Urban Districts' Spheres of                    )                    **RESOLUTION NO. 12-002**  
Influence, LAFCO Case Nos. 1467-1478                    )

**WHEREAS**, pursuant to Government Code Section 56425, Local Agency Formation Commissions are required to establish, periodically review and revise or amend Sphere of Influence boundaries; and

**WHEREAS**, on November 2, 2012, the Commission initiated the comprehensive updates to the Spheres of Influence for the Alpine Village-Sequoia Crest CSD(1467), Ducor CSD (1468), East Orosi CSD(1469), Patterson Tract CSD(1470), Ponderosa CSD(1471), Three Rivers CSD(1472), Tract 92 CSD(1473), Porter Vista PUD(1474), CSA #1(1475), CSA #2(1476), Strathmore FPD(1477) and Woodlake FPD(1478).; and

**WHEREAS**, the Commission has read and considered the reports and recommendations of the Executive Officer; and

**WHEREAS**, on March 4<sup>th</sup>, 2012 this Commission heard, received, and considered testimony, comments, recommendations and reports from all persons present and desiring to be heard concerning this matter.

**NOW, THEREFORE, BE IT RESOLVED, DETERMINED AND ORDERED as follows:**

1. The boundaries of the Sphere of Influence amendments are definite and certain as shown (maps attached).

2. The information, materials, and facts set forth in the application and the reports of the Executive Officer, including any corrections, have been received and considered in accordance with GC §56427.

3. The Commission has reviewed and considered the information, materials and facts presented by the following persons who appeared at the public hearing and commented on the proposal:

Cynthia Echavarria, Staff Analyst

4. All required notices have been given and all proceedings taken in this matter have been and now are in all respects taken in accordance with the Cortese-Knox-Hertzberg Local Government Reorganization Act of 2000, as amended.

5. Pursuant to GC §56430, the Commission adopted Municipal Service Reviews for the all of the Group 4 Districts. Including Community Service Districts – Res. 11-008 on 6/1/11;Porter Vista Public Utility District and County Service Areas #1 & #2 – Res. 11-013 on 9/7/11;Strathmore and Woodlake Fire Protection Districts – Res 11-015 on 10/5/11.

6. Pursuant to GC §56424(e), the Commission has considered and prepared a written statement of determinations (Exhibit I) with respect to each of the following:

- (a) The present and planned land uses in the area, including agricultural and open-space lands.
- (b) The present and probable need for public facilities and services in the area.
- (c) The present capacity of public facilities and adequacy of public services that the agency provides or is authorized to provide.
- (d) The existence of any social or economic communities of interest in the area if the commission determines that they are relevant to the agency.

7 The purpose of the environmental review process is to provide information about the environmental effects of the actions and decisions made by LAFCO and to comply with the California Environmental Quality Act (CEQA). In this case, it has been determined with certainty that there is no possibility that the projects (LAFCO Cases 1467-1478) may have a significant environmental effect on the environment and therefore it is found to be exempt from CEQA pursuant to section 15061(b)(3) of the State Guidelines.

8. The Commission hereby finds that the proposed updates to the Alpine Village-Sequoia Crest CSD(1467), Ducor CSD (1468), East Orosi CSD(1469), Patterson Tract CSD(1470), Ponderosa CSD(1471), Three Rivers CSD(1472), Tract 92 CSD(1473), Porter Vista PUD(1474), CSA #1(1475), CSA #2(1476), Strathmore FPD(1477) and Woodlake FPD(1478) are in compliance with the Cortese-Knox-Hertzberg Act, GC §§56425:56430 and 56377, and Tulare County LAFCO Policy and Procedure section C-5, Spheres of Influence.

9. The existing Spheres of Influence for the above districts are hereby adopted as shown (maps attached).

10. The Executive Officer is authorized to sign and file the Notice of Determination with County Clerk.

The foregoing resolution was adopted upon the motion by XXXX, and seconded by XXX, at a regular meeting held this 7<sup>th</sup> day of March, 2012 by the following vote:

AYES:



NOES:

ABSTAIN:

PRESENT:

ABSENT:

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Ben Giuliani, Executive Officer

ce

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**TULARE COUNTY  
LOCAL AGENCY FORMATION COMMISSION**

210 N. Church St., Suite B, Visalia, CA 93291 (559) 624-7274 FAX (559) 733-6720

COMMISSIONERS:  
*Juliet Allen, Chair  
Cameron Hamilton, V. Chair  
Steve Worthley  
Rudy Mendoza  
Allen Ishida*

March 7, 2012

ALTERNATES:  
*Gerald Magoon  
Amy Shuklian  
Mike Ennis*

TO: LAFCO Commissioners, Alternates, Counsel

FROM: Cynthia Echavarria, Staff Analyst

EXECUTIVE OFFICER:  
*Ben Giuliani*

SUBJECT: Sphere of Influence Updates for Lindmore Irrigation District (LID)  
and Lindsey-Strathmore Irrigation District (LSID)

**Discussion**

District maps were provided at a recent pre-annexation meeting for a proposed Lindmore ID reorganization and staff found inconsistencies between the Lindmore ID's boundaries and the current Lindmore ID and Lindsay-Strathmore ID Spheres of Influence near Strathmore and the City of Lindsay. The Spheres of Influence for these IDs were last updated 7/11/07 (Res. 07-034). While the District did not request a SOI amendment, the Commission has the authority pursuant to Government Code to initiate SOI amendments.

If the SOI amendments are initiated, the SOI amendments will be brought back to the Commission for action at the April 4<sup>th</sup> meeting.

**Recommendation**

It is recommended that the Commission initiate Sphere of Influence updates for Lindmore ID and Lindsay-Strathmore ID. See attached map.

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**BEFORE THE LOCAL AGENCY FORMATION COMMISSION**  
**OF THE**  
**COUNTY OF TULARE, STATE OF CALIFORNIA**

In the Matter of Initiating a Sphere of )  
Influence Update for the Lindmore ID )                   **RESOLUTION NO. 12-003**  
And Lindsay-Strathmore ID LAFCO )  
Cases No. 1488 and 1489 )

**WHEREAS**, pursuant to Government Code Section 56425, Local Agency Formation Commissions are required to establish, periodically review and revise or amend Sphere of Influence boundaries; and

**WHEREAS**, the Spheres of Influence were last updated 7/11/07 (Res. 07-034) for both Lindmore ID and the Lindsey-Strathmore ID; and

**WHEREAS**, Pursuant to GC §56430, a Municipal Service Review was completed for Lindsay-Strathmore ID on March 7, 2007 by Resolution No. 07-018. Pursuant to Tulare County LAFCO Policy C-5, Appendix B, the Lindmore ID is exempt from Municipal Service Reviews; and

**WHEREAS**, district maps were provided at a recent pre-annexation meeting for a proposed Lindmore ID reorganization and staff found inconsistencies between the Lindmore Irrigation District boundaries and the current Lindmore and Lindsay-Strathmore Spheres of Influence; and

**WHEREAS**, the Commission has read and considered the reports and recommendations of the Executive Officer; and

**NOW, THEREFORE, BE IT RESOLVED, DETERMINED AND ORDERED as**

**follows:**

1. The Commission hereby initiates the Sphere of Influence Amendment to make Lindmore Irrigation District and Lindsay-Strathmore Irrigation District Spheres of Influence consistent with district boundaries.

The foregoing resolution was adopted upon motion of Commissioner XXXX seconded by Commissioner XXXX, at a regular meeting held on this 7th day of March 2012, by the following vote:

AYES:

NOES:

ABSTAIN:

PRESENT:

ABSENT:

---

Ben Giuliani, Executive Officer

bg



# TULARE COUNTY LOCAL AGENCY FORMATION COMMISSION

210 N. Church St., Suite B, Visalia, CA 93291 Phone: (559) 624-7261 FAX: (559) 733-6720

COMMISSIONERS:  
*Juliet Allen, Chair*  
*Cameron Hamilton, V. Chair*  
*Steve Worthley*  
*Rudy Mendoza*  
*Allen Ishida*

March 7, 2012

ALTERNATES:  
*Gerald Magoon*  
*Amy Shuklian*  
*Mike Ennis*

TO: LAFCO Commissioners, Alternates, Counsel

FROM: Cynthia Echavarria, Staff Analyst

EXECUTIVE OFFICER:  
*Ben Giuliani*

SUBJECT: Selection Committee consisting of one County Member and one City Member for Alternate Public Member Appointment.

## **BACKGROUND**

Members of the Commission are appointed to four-year terms of office and may be reappointed. Government Code §56325 states the Commission shall include:

(d) One representing the general public appointed by the other members of the commission. The other members of the commission may also designate one alternate member who shall be appointed and serve pursuant to Section 56331. Selection of the public member and alternate public member shall be subject to the affirmative vote of at least one of the members selected by each of the other appointing authorities.

Government Code §56331 states:

When appointing a public member . . . the commission may also appoint one alternate public member who may serve and vote in place of a regular public member who is absent or who disqualifies himself or herself from participating in a meeting of the commission.

If the office of a regular public member becomes vacant, the alternate member may serve and vote in place of the former regular public member until the appointment and qualification of a regular public member to fill the vacancy.

No person appointed as a public member or alternate public member pursuant to this chapter shall be an officer or employee of the county or any city or district with territory in the county, provided, however, that any officer or employee serving on January 1, 1994, may complete the term for which he or she was appointed.

The Tulare County LAFCO Policy A-4 outlines the process for Selection of Members.

### **4.4 Public Member Selection and Appointment Policy** (Resolution 96-06, 4-3-96)

The method for selecting the Public Member and Alternate Public Member should

be equitable, efficient and clearly articulated for all concerned.

- A. In accordance with GC §56334, the term of office for the Public Member and Alternate Public Member shall be four years to expire on the first Monday in May or upon the qualification of the Commissioner's successor. The terms of office of the Public Member and Alternate Public Member shall be staggered by two years. The first full term for the Alternate Public Member shall begin on the first Monday in May, 1996.
- B. At least two months prior to the expiration of the term of office, the Executive Officer shall seek application to the position from the community at large. Reasonable effort shall be taken to advertise the opening of the broadest selection of candidates possible. Candidates should be encouraged to submit a resume and statement regarding their qualifications and interest in serving on the Commission. This does not preclude the incumbent Public or Alternate Public Member from applying for appointment.
- C. At least one month prior to the expiration of the term of office, the Commission shall appoint a selection committee consisting of one County Member and one City Member. The committee will consider any materials submitted by the applicants and may conduct interviews of the candidates. It is anticipated that the candidates will be asked to present their qualification in an initial statement to be followed by questions from the members of the selection committee. Following this process, the committee will select a candidate to recommend to the commission. The Executive Officer will place the matter of the selection of the Public member or Alternate Public Member on the agenda of a regular meeting of the Commission. The recommendation of the selection committee will be presented to the Commission at the meeting. The Commission will select the successful candidate by a majority vote on a motion to appoint the candidate to the Commission.
- D. The application and selection process as outlined above shall begin immediately following a Commission determination that a Public Member or Alternate Public Member position has become vacant before the expiration of the term.

## **DISCUSSION**

In February, staff circulated the announcement indicating the appointment for the alternate public member in accordance with Tulare County LAFCO Policies & Procedure. The announcement was posted at all County of Tulare Public Libraries, the Tulare County LAFCO website, LAFCO office and sent to the County of Tulare and each of the eight cities within the County. According to LAFCO policy A-4(C) the Commission shall appoint a selection committee at least one month prior to the expiration date of the term of Office. The Committee consists of one County Member and one City Member. The recommendation of the selection committee will be presented to the Commission at a regular meeting of the Commission. The Commission will select the successful candidate by a majority vote on a motion to appoint the candidate to the Commission.

## **RECOMMENDATION**

It is recommended that the Commission initiate action to appoint the members of the selection committee consisting of one County Member and one City Member.



**BEFORE THE LOCAL AGENCY FORMATION COMMISSION**  
**OF THE**  
**COUNTY OF TULARE, STATE OF CALIFORNIA**

In the Matter of the Appointment of            )  
The Alternate Public Member                    )                    **RESOLUTION NO. 12-004**  
Selection Committee                                )

**WHEREAS**, the term of office of the Alternate Public Member representing the general public on the Tulare County Local Agency Formation Commission will become vacant due to the expiration of the term of GERALD MAGOON on May 1, 2012; and

**WHEREAS**, Government Code Section 56325 (d) provides that the Public Member of the Commission shall be appointed by the other members of the commission; and

**WHEREAS**, in accordance with Tulare County LAFCO Policy A-4 at least one month prior to the expiration of the term of office, the Commission shall appoint a selection committee consisting of one County Member and one City Member.

**WHEREAS**, the committee members will consider any materials submitted by the applicants, may conduct interviews of the candidates; and select a candidate to recommend to the commission.

**NOW, THEREFORE, BE IT RESOLVED, DETERMINED AND ORDERED as follows:**

For the Alternate Public Member vacancy due to the expiration of the term of GERALD MAGOON on May 1, 2012, Commissioner \_\_\_\_\_ (County Member) and Commissioner \_\_\_\_\_ (City Member) are hereby appointed to the Selection Committee. The Committee will be charged with selecting a candidate to recommend to the Commission. The recommendation of the selection committee will be presented to the Commission at a regular meeting of the Commission. The Commission will select the successful candidate by a majority vote on a motion to appoint the candidate to the Commission.

The forgoing resolution was adopted upon motion of Commissioner XXXXX, seconded by Commissioner XXXX, at a regular meeting held on this 7<sup>th</sup> day of March, 2012, by the following vote:

AYES:

NOES:

ABSTAIN:

PRESENT:

ABSENT:

---

Ben Giuliani, Executive Officer

ce



# **TULARE COUNTY LOCAL AGENCY FORMATION COMMISSION**

210 N. Church St., Suite B, Visalia, CA 93291 (559) 624-7274 FAX (559) 733-6720

COMMISSIONERS:  
*Juliet Allen, Chair  
Cameron Hamilton, V. Chair  
Steve Worthley  
Rudy Mendoza  
Allen Ishida*

March 7, 2012

ALTERNATES:  
*Gerald Magoon  
Amy Shuklian  
Mike Ennis*

TO: LAFCO Commissioners and Alternates

FROM: Ben Giuliani

EXECUTIVE OFFICER:  
*Ben Giuliani*

SUBJECT: Proposed Amendment to Policy C-1 (Factors and standards to be considered in review of proposals)

## **Background**

The recently signed and enrolled SB 244(Wolk) bill regarding disadvantaged communities added a provision in Government Code requiring the annexation of disadvantaged communities (with certain exceptions) when cities annex land of 10 acres or more (or as designated by LAFCO) that is contiguous to the affected disadvantaged community. The Commission has previously adopted policy regarding the definition of a disadvantaged community and requirements regarding disadvantaged and other unincorporated communities in municipal service reviews. However, the portion of the bill regarding contiguous city annexations has not yet been addressed in Commission policy.

## **Discussion**

A draft policy was reviewed by the Commission at the February 1<sup>st</sup> meeting. The Commission had concerns regarding the consistency of annexation surveys and accompanying information regarding annexations. Attached are draft templates for both the annexation survey and a cover letter to accompany the survey. Further amendments were also made to the policy (attached) itself to specify the requirements of what needs to be sent as part of the annexation survey.

Traditionally, there has been a low percentage of annexation surveys returned to the cities. There are two requirements as noted in the form templates which should help increase responses. First, the survey and the accompanying information should be in English and Spanish. Second, the survey response should be postage paid (whether it be a postcard or envelope). Because of the extra cost associated with these requirements, the effectiveness of these surveys should be reviewed by the Commission after a few of the surveys are completed.

Also at the February 1<sup>st</sup> meeting, there was concern voiced by both City staff and the Commission regarding the manipulation of annexation boundaries to either trigger or avoid this policy. Subsection C was added to address those concerns.

### Determination of what is a Disadvantaged Unincorporated Community

Concerns have been brought to staff's attention regarding the LAFCO designation of disadvantaged unincorporated communities. Median income data is not readily available for most communities. Income data is included at the Census block group level but usually, block groups are very large areas that include multiple communities and subdivisions which makes the data unreliable. The designation of disadvantaged communities on the maps that have previously been shown to the Commission were based on physical characteristics of the community (size, condition, age and values of housing stock, and presence of in-ground pools) and the percentage of rented dwelling units versus owner occupied.

There are some communities that may be questioned as to whether or not they are actually disadvantaged without having definitive median income information. The designation of disadvantaged has other applicability outside of LAFCO's purview. For example, charter city capital projects within a disadvantaged community can be exempted from prevailing wages.

While cities need to be conservative in their determination of what is a disadvantaged community to ensure compliance with prevailing wage laws, the Commission needs to be liberal in its determination of what is a disadvantaged community to ensure compliance with C-K-H.

Here are three options for the Commission to consider to address this issue:

- 1) The Commission, in recently adopted MSR policy, decided to include all unincorporated communities, not just disadvantaged unincorporated communities in the analysis of services for city MSRs. The Commission could also apply this annexation policy to all unincorporated communities versus just disadvantaged unincorporated communities. This would remove any need for debate regarding what is or isn't a disadvantaged unincorporated community.
- 2) Staff could bring the list of disadvantaged communities with the data used for their determination to the Commission. The Commission could then, based on the data, adopt a list of disadvantaged communities. A caveat could be added to policy which would state that the Commission's determination of what is a disadvantaged community should not be used for other determinations outside of LAFCO's purview.
- 3) Staff could work with city staff to determine which communities there is disagreement as to whether or not they are disadvantaged. Funding for income surveys could be included in next year's budget to definitively determine whether or not the communities in question are disadvantaged.

## **Conclusion**

This draft proposed policy amendment and survey templates were redistributed to the County and cities for review on February 14<sup>th</sup>. Any amendments to this draft policy will be redistributed to the cities and County for review following this Commission meeting. Depending on the scope of any further amendments, this policy may come back to the Commission for adoption at the April 4<sup>th</sup> meeting.

### Attachments:

Draft Policy C-1.3

Draft Survey Cover Letter

Draft Annexation Survey

### 1.3. City annexations contiguous to disadvantaged unincorporated communities

An annexation of greater than 10 acres can not be approved if there exists a disadvantaged unincorporated community (as defined in Policy C-5.11(C)) that is contiguous to the area of proposed annexation, unless an application to annex the disadvantaged unincorporated community has been filed with the executive officer. An application for annexation of the disadvantaged community shall not be required if an application for the community has been made in the preceding five years or the Commission finds, based on written evidence, that a majority of the residents within the affected community are opposed to annexation. [GC §56375(a)(8)]

- A. “Written evidence” may be in the form of annexation survey results from residents of the disadvantaged unincorporated community. The survey mailing list should also be provided to the Commission. The survey must be completed no longer than two years before the filing of the annexation proposal. **The following must be included as part of the survey:**
  - I. Survey cover letter [Form E-10]
  - II. Survey [Form E-11]
  - III. Map of proposed annexation area and disadvantaged community in relation to existing city boundaries
  - IV. Information about city services (a review of the types of services, timing of when the services would be provided and financing of the services), effects of city zoning/land use and city elections. (Specific examples are listed on Form E-10)
- B. If the annexation is contiguous to a disadvantaged unincorporated community that is served by a special district that provides urban services, the provisions listed in this sub-section are only applicable to annexations that are at least one-third the size of the neighboring special district.
- C. **The boundaries of a proposed annexation should be logical and be consistent with all applicable state laws and local policies and should not be gerrymandered in a way to either avoid or trigger this specific policy.**

*The highlighted text are additions to the draft policy that was reviewed at the February 1<sup>st</sup> Commission meeting.*

(Note: the Commission adopted definition of a disadvantaged community is an area that has a median household income 80% or less of the statewide median and contains at least 20 dwelling units at a density not less than one unit per acre.)

<City Letterhead>

(Form E-10)

<Date>

Dear <name of resident, registered voter and/or property owner>

You are receiving this letter because your neighborhood is next to a proposed annexation to the City of <name of City>. The City is proposing to annex <insert description of annexation – size, purpose, etc.>. A map of the proposed annexation area is enclosed. The City would like to know your interest in also being annexed.

You are currently residing in what is called unincorporated Tulare County. This means that the County of Tulare is responsible for services to your community. Annexation to the City of <name of City> would mean that the City would become responsible for many of the services to your community. Please see the enclosed information regarding the services that the City provides, how the services are paid for and the timing of when you could expect those services to be provided if your neighborhood is annexed into the City.

Enclosed is an annexation survey and postage paid envelope <or postage paid post card if the survey can fit>. Please return it by <date>. The return of this survey is important because State law requires the annexation of your neighborhood unless the majority of residents are against it. If you have any additional questions or would like more information, please contact <city contact name, phone number, e-mail>.

<Ending salutation>

Enclosures:

Proposed Annexation Map

City Services and Other Information

City Annexation Survey and Return Envelope <or City Annexation Survey Postcard>

*Cover Letter Notes:*

*-The second sentence in the second paragraph will need to be modified depending on ESAs or if the area is within a District that provides urban services.*

*Map Notes:*

*-The map should show the proposed annexation area and the disadvantaged community in context with the existing City boundaries.*

*City Information Enclosure:*

*-The City information enclosure should review all the types of urban-level services that would be provided including timing and financing. For example, police services would be provided immediately while other services would not (solid waste collection would*

*transition after 5 years). Some services would be provided, like street-sweeping, that the County does not currently provide. Some cities have utility taxes that would need to be explained. Cities may use a variety of ways to finance services, like lighting and maintenance districts or have certain requirements when properties need to be hooked into the sewer system.*

*-Zoning and land use should be discussed. For example, cities typically will grandfather-in existing legal County uses.*

*-Information about City Council elections should be included. For example, while their address may say “City of X” that they are not currently part of the City and do not currently have a voice in City government. Also, one city already elects their council by wards while others are currently moving in that direction.*

*<The cover letter, survey and city service information should also be provided in Spanish. The cover letter and survey will be translated into Spanish before the adoption of the final version of this policy.>*



**City of X Annexation Survey**

Would you like to be annexed to the City of X?

- \_\_\_\_\_ **Yes**, I would like my property/residence to be annexed.
- \_\_\_\_\_ **No**, I do not want my property/residence to be annexed.
- \_\_\_\_\_ **I don't care**, it doesn't matter to me if my property/residence is in the City or County.
- \_\_\_\_\_ **I don't know**, I would like more information regarding annexation.

Would you be interested in attending a public meeting to hear more about what annexation means?

- \_\_\_\_\_ **Yes**
- \_\_\_\_\_ **No**

How many people (18 years or older) reside in your household?

\_\_\_\_\_

Contact information of the person(s) filling out this survey:

Name: \_\_\_\_\_

Address: \_\_\_\_\_

Phone: \_\_\_\_\_

*<I included a question regarding the number of people in the household because of the awkward wording in the legislation. The opinion of "residents" is what is required in GC section 56375(a)(8) even though it is registered voters and property owners that have the power of protest. For this reason, the survey should be sent to all three groups – residents, registered voters and property owners.>*

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**TULARE COUNTY  
LOCAL AGENCY FORMATION COMMISSION**

210 N. Church St., Suite B, Visalia, CA 93291 (559) 624-7274 FAX (559) 733-6720

COMMISSIONERS:  
*Juliet Allen, Chair  
Cameron Hamilton, V. Chair  
Steve Worthley  
Rudy Mendoza  
Allen Ishida*

March 7, 2012

ALTERNATES:  
*Gerald Magoon  
Amy Shuklian  
Mike Ennis*

TO: LAFCO Commissioners and Alternates

FROM: Ben Giuliani

EXECUTIVE OFFICER:  
*Ben Giuliani*

SUBJECT: Special Districts

The Legislative Analyst's Office (LAO) issued a report (attached) in October 2011 regarding the efficiency of small special districts, accountability of small special districts and the effectiveness of LAFCOs in relation to special districts. Two of the main focuses of the report was the use of consolidation to create larger, more efficient districts and the development of municipal service reviews (MSRs) to identify opportunities for consolidation and to measure the financial efficiency of districts.

While the report concluded that LAFCOs "appear to fulfill legislative mission", a couple of areas of concern were identified. The report reviewed obstacles that LAFCOs face in the process of consolidation of special districts. The report recommended that the Legislature look at ways to make consolidations easier to achieve. Additionally, the report concluded that MSRs have not focused enough on the financial efficiency of special districts and recommended that the Legislature consider establishing statewide or regional benchmarks.

In response to the LAO's report recommendations, the California Special District Association (CSDA) has sent a survey (attached) to all of the special districts in California that do not currently have representation on LAFCOs. The CSDA is investigating why more LAFCOs do not have district representation (29 LAFCOs do not have special district members).

Staff will keep the Commission informed regarding any proposed legislation that may result from the LAO report recommendations or the CSDA survey results.

Attachments:  
LAO Report  
CSDA Survey

October 21, 2011

Hon. Roger Dickinson  
Assembly Member, 9<sup>th</sup> District  
Room 3126, State Capitol  
Sacramento, California 95814

Dear Assembly Member Dickinson:

### Summary of Findings

You asked the Legislative Analyst's Office to evaluate three questions regarding the (1) efficiency of small special districts, (2) accountability of small special districts, and (3) effectiveness of Local Agency Formation Commissions (LAFCOs).

Our overall findings are as follows:

- We find evidence that in certain cases smaller districts can be less efficient and less accountable than larger districts. However, it is not clear that these associations between district size and efficiency or accountability are true for districts of all types or in all areas of the state. Instead, our analysis suggests that many factors affect the efficiency and accountability of special districts.
- We further find that the LAFCOs are generally well positioned to review the effectiveness and accountability of special districts, though their general approach to undertaking these reviews has some limitations. We also identify some barriers to the implementation of consolidations even when doing so makes analytical sense to the LAFCO.
- Finally, at your request, we offer some options for your consideration that we believe could promote better efficiency and accountability of special districts, as well as improve the LAFCO process.

### Project Overview

*Scope of Project.* You asked us to answer three sets of questions:

- **Efficiency.** Are small special districts less efficient or effective than larger districts? Would consolidation of small districts with other special districts improve efficiency and effectiveness of service delivery? Do functional consolidations improve efficiency and effectiveness?
- **Accountability.** Are small special districts less accountable to the public than larger districts or general-purpose governments? Are small districts less transparent to their constituents?

- **LAFCO Process.** How effectively is the LAFCO process working? Do LAFCOs evaluate the “right” metrics when considering consolidations? What barriers exist to LAFCOs initiating consolidations?

Given the broad nature of your questions and the limited time to carry out the research, we agreed to follow a case study approach and to focus predominantly on water supply and fire districts. In general, we focused our analysis on independent special districts, though some of the consolidations we discuss in this letter included dependent districts. Finally, in evaluating the questions about the merits of special district consolidation, we generally focused on consolidations of special districts and not on other governance changes, such as mergers of special districts with general-purpose governments (cities and counties).

In conducting our analysis, we talked with representatives of statewide organizations, including those representing special districts, water districts, fire districts, and LAFCOs. We met with special district and LAFCO representatives in each of our three case study counties. We also conducted a literature review, consulted with local government experts, and reviewed statewide special district data where available.

**Case Studies Used.** We selected three counties on which to focus our analysis—Napa, San Bernardino, and San Diego. In part, we selected these counties, particularly San Bernardino and San Diego, because we were informed that they included a number of successful and unsuccessful attempts to consolidate fire and water districts in recent years. We hoped that these consolidation attempts would help illuminate how well the LAFCO process works, what role efficiency and accountability play in determining which districts should be consolidated, and how efficiency and accountability were affected by consolidations. In addition, we chose these three counties in an attempt to capture some different cross sections of the state. While we do not claim that these three counties reflect a representative sample of California counties, they do represent some differences in population size, urbanization, regions, and relative number of special districts. The table below illustrates some of these differences.

<b>Figure 1</b>				
<b>Independent Special Districts in Case Study Counties</b>				
<i>(2008-09)</i>				
<b>County</b>	<b>Independent Special Districts</b>	<b>Population</b>	<b>Independent Districts per 100,000 Population</b>	<b>Independent District Revenues (In Millions)</b>
Napa	12	137,359	8.7	\$45
San Bernardino	54	2,054,423	2.6	703
San Diego	69	3,169,490	2.2	3,314
Statewide	2,184	38,134,496	5.7	23,181

Our research consisted of visits to each of the three counties where we met with LAFCO executives and multiple special district representatives. For each county, we reviewed Municipal Service Reviews (MSRs) and other reports prepared by the LAFCO, as well as special district websites and financial information where available.

***The Challenge of Defining “Small” Districts.*** One of the challenges of this research is defining what we mean by a “small” special district as distinct from a medium or large one. This is a challenge for a few reasons:

- First, based on our conversations with state and local representatives, there is no common definition of a small district generally, nor do there appear to be common definitions of small districts even within the different types of services.
- Second, some information we might like to use when comparing district size—such as district population, land area, or service volume (for example, number of emergency responses for fire departments or water volume for water districts)—does not appear to be collected in any single place. The one set of data we have for all districts statewide is revenue and expenditure data collected by the State Controller’s Office (SCO).
- Third, there is great variation in the types of services that special districts provide, making comparisons across types of special districts very difficult. For example, the average independent water district in 2008-09 had \$10.6 million in total revenues. By comparison, the average independent fire district had \$2.7 million and the average cemetery district had \$314,000. So, when using a metric like total revenues, a district that might be considered small among water districts could be considered medium or large among fire and cemetery districts.

Given these limitations, we use different metrics for defining small districts throughout this letter, depending on what data were available to us.

***Caution About Findings.*** While most of the findings in this letter reflect information that we found consistently throughout our review, it is important to stress that many of these findings are based on a small sample of counties and special districts. Therefore, we suggest that you consider our findings to be issues meriting further legislative review and would caution you against assuming that our findings extend to all special districts statewide.

## **EFFECTS OF DISTRICT SIZE AND CONSOLIDATION ON EFFICIENCY**

In this section of our letter, we discuss our findings regarding how district size and consolidation affect efficiency. In summary, we find some evidence that larger districts, and consequently consolidation of small districts, can result in improved efficiency in some cases. However, we also find that consolidations have costs that have to be weighed, and the potential of consolidation to generate ongoing efficiencies depends on several factors, including the type of services provided, location, fiscal resources, and the capacity of management. Moreover, we find that many districts, both large and small, are participating in “functional consolidations” to reduce costs and achieve better efficiencies. In such cases, structural consolidation would not necessarily achieve much greater efficiencies.

***Defining Efficiency.*** Fundamentally, efficiency is a measurement of the level of goods or services provided at a certain cost. Measuring efficiency allows one to evaluate in a single metric (1) the quantity (or quality) of a good or service produced and (2) the price for that good or

service. One can then compare the efficiencies of different good or service providers, as well as evaluate how the efficiency of a single provider changes over time. For example, one could compare the water rate (dollars per acre-foot) charged by like water agencies to make an assessment of which was providing that service more efficiently.

Because efficiency is a metric that takes into account both costs and quantity, a higher efficiency level can be demonstrated in two ways. First, the savings from improved productivity can be reinvested and used to provide customers a higher level of service without changing the cost charged to the customers. For instance, in the case of fire districts, a more efficient district may have shorter response times while receiving the same amount of revenues from its constituents as another district. In water districts, a more efficient district could treat ratepayers' water to a higher quality standard while charging the same fees as a less efficient one. Second, the cost savings from greater efficiency may be used to reduce the taxes or fees that constituents pay while maintaining the same level of service.

### **Theoretical Argument for Larger Districts Being More Efficient**

There are several theoretical arguments for why larger districts may be more efficient than smaller districts—and therefore why consolidation of smaller districts may improve efficiency. Larger organizations may be better able to realize economies of scale by spreading fixed costs like management, overhead, and infrastructure over more constituents, resulting in lower per capita expenditures. A larger organization may also be better positioned to share resources such as capital assets (like buildings, trucks, or maintenance equipment) over multiple activities, reducing underutilization of those assets. Relative to multiple smaller districts providing the same service, a single larger district can also have lower personnel costs because it may require a single set of personnel to provide administrative functions like information technology (IT), human resources, or budgeting. Consolidation of smaller districts also provides an opportunity to reduce personnel costs by eliminating some high-paying leadership positions such as fire chiefs or general managers and by reducing the total number of board members.

We should note that there is a debate within the academic literature on benefits of larger, consolidated, and multipurpose governments compared with smaller, single-purpose agencies. While some academics argue that consolidation creates the benefits described above, others suggest that those benefits may be overstated, arguing, that inefficiencies can arise from such consolidated government agencies. For example, some have cited the leveling up of wages to the highest levels in the previously separate entities. Skeptics of consolidation also argue that smaller, single-purpose governments can be more efficient than larger, multipurpose agencies because constituents of smaller agencies can more easily review and interpret the activities and decisions of more narrowly focused agencies. This does presume, however, that those constituents are knowledgeable about the agency's activities and decisions and have opportunity to intervene when they disapprove.

### **Anecdotal Evidence Suggests Consolidation Can Improve Efficiency**

In all three counties we visited, as well as in other counties around the state, we came across numerous anecdotal examples of small districts that faced challenges to operating efficiently, and in many of those cases, LAFCO recommended some sort of consolidation. We also found

examples of consolidations that appear to have succeeded in improving the efficiency or level of services in the area.

As one example of a consolidation done to achieve improved efficiency, in 2005, a reorganization of several fire protection districts in the county was approved by the San Bernardino LAFCO after it became clear that the organizational structure at the time had led to significant financial troubles for many of the districts. The LAFCO approved the consolidation proposal and created a single county-wide district whose boundaries cover all unincorporated areas in the county. This consolidated fire district is now called the San Bernardino County Fire Protection District (SBCFPD).

The creation of SBCFPD was expected to result in savings in administrative costs and in improved service delivery throughout the county, and in the view of the county, those ends were achieved. Many administrative functions like budgeting and human resources are outsourced to the county for a lower cost than before, and the district is now able to offer a range of services that include fire suppression, emergency medical services, HAZMAT response, rescue operations, flooding and mudslide response, and terrorism response at the same cost as the lesser services provided by smaller independent districts in the county. In fact, several independent districts and cities throughout the county now contract with SBCFPD for their fire services because they receive higher levels of service for a lower cost than they could provide it themselves. According to county and LAFCO executives, coordination has also been enhanced by having a single county-wide district. For example, SBCFPD felt that their response to the 2007 wildfires in Southern California was enhanced by having a consolidated district. In contrast, we heard that the response to those fires in the unincorporated areas of San Diego County may have been hindered by less efficient coordination among the various districts in those areas of the county, resulting in the over commitment of resources to the first of several large fires while leaving other areas vulnerable. Consequently, some San Diego County fire districts indicated that the 2007 fires caused some districts to reevaluate the potential for consolidation, something the San Diego County LAFCO had been working towards for years.

### **Testing the Relationship Between District Size and Efficiency**

While we heard many cases of consolidations designed to improve efficiency or quality of service, we were limited in our ability to empirically test or quantify those efficiencies, for several reasons:

- First, as described above, efficiency improvements can manifest themselves in terms of improved service delivery—something that can be difficult to measure—instead of fiscal savings or rate changes. This complicates attempts to quantify efficiency gains because there may be no observable cost decrease from a consolidation.
- Second, in order to quantify the efficiency gains, it is necessary to have data on both the level of service provided and the cost of that service. Data on the budgets of all special districts across the state can be found in the SCO's special district annual financial report, but the report does not describe the level of services provided by districts. In addition, data were lacking at the individual district level; the districts that we contacted had not tracked their service levels over time in a way that would allow



us to quantify the efficiency gains from consolidation. The LAFCOs also did not quantify efficiency gains. We note that in some cases districts pursuing a consolidation through LAFCO may quantify anticipated efficiency gains in a document called a “plan for service.” However, we are unaware of any attempt to verify whether those efficiency gains occurred.

- Third, in the case of water supply districts, for example, there can be significant variations in the cost of the inputs (such as the water that is treated and then sold to end users), making it difficult to isolate the effect of size on a district’s costs from other sources of variation. For instance, water purchased from the State Water Project makes up 60 percent to 80 percent of the operating costs of some water districts in Southern California, but in Northern California many districts have their own supplies and thus can avoid costs associated with importing water. In addition, energy costs incurred as a result of pumping water are a significant component of water districts’ operating expenses, and an agency’s expenditures on energy can vary significantly due to the geographic features of its service area. As such, relatively high water rates for a given district may reflect factors that are independent of its size or how efficiently the district is operated.

**Wastewater Districts.** In many respects, however, wastewater districts do not share these data limitation problems. The State Water Resources Control Board periodically prepares a report that provides data on all wastewater agencies in the state, including cities, counties, special districts, and Joint Powers Authorities (JPAs) that have wastewater responsibilities. These data are comprehensive and encompass many of the factors that might significantly influence the cost of wastewater service, including the population served, the size of treatment plants (as measured by the average daily flow, which is a rough approximation), the level of treatment applied to waste, whether debt service is included in the rates, and whether the agency received any form of state or federal grant at any point since 1972. It also lists monthly fees for a typical household and fees for new connections to that agency’s water system. These data allow us to empirically examine whether larger districts that provide wastewater service charge lower fees.

Wastewater agencies are uniquely suited to this type of empirical analysis because their fees are a reasonable measure of relative efficiency. Unlike districts that provide water supply services, the cost of wastewater agencies’ inputs does not vary significantly according to geography. These agencies receive wastewater for free and they typically do not incur significant energy costs to move the wastewater because treatment plants are generally positioned downhill of the sources of wastewater (thus using gravity to move the wastewater). Because these costs do not vary, fees are more readily comparable.

We found two indications that larger wastewater agencies are more efficient than smaller agencies. First, we found wastewater fees charged by agencies to be lower the larger the agency, whether measuring the size of the agency by district population or volume, even while controlling for other factors such as other revenue sources, treatment levels, and inclusion of debt service in monthly fees. For example, the smallest wastewater agencies serve populations of less than 1,000 customers and charge an average of \$45.55 per month, while the largest agencies serve more than 500,000 customers and charge an average of \$16.21 per month. Second, we

found that wastewater agencies with larger populations treated their water to a higher level while charging similar fees to their customers. In summary, therefore, we found that in the case of wastewater agencies, larger districts appeared to both provide services at a lower cost, as well as provide a higher quality of service as measured by treatment levels. We should note, however, that district size did not explain all of the variation in wastewater fee levels, and, as we discuss later, there are other factors that may be important in explaining a district's efficiency and rates.

### **Other Factors Affect District Efficiency and Level of Service**

Although there are certainly cases where having larger districts increases the efficiency of special districts, we also found examples of smaller districts that provide high-quality service at a reasonable cost. As such, there are other factors besides size that play a role in the level of service provided and the cost of providing that service.

**Geography.** One such factor is geography. While smaller districts may charge higher fees (all else being equal), many of these districts are located in remote areas. Consolidation may therefore not be cost-effective because there may not be any nearby districts with which they can connect. For example, we observed a small district providing sewer services in Napa County that had considered connecting with a larger wastewater agency. This district ultimately ruled against building the connection because it was too costly. Therefore, in remote areas where consolidation is a cost-prohibitive option, districts may have to focus on other operational and management changes to improve efficiency.

**Type of Service Provided.** We heard from several special district and LAFCO representatives that the relationship between district size and efficiency probably depends on the type of service provided by the district. Districts that provide services with a large capital component (such as water supply) may benefit more from consolidation than districts that provide services that rely heavily on personnel (such as fire protection). Infrastructure-intensive districts tend to have high fixed costs that can benefit from economies of scale. Larger districts can spread those fixed costs over a greater number of people, lowering the cost per person. Infrastructure-heavy districts may also benefit from being better able to recruit and retain expensive support staff like engineers. Because they can afford to employ these personnel with specialized knowledge, larger districts may be in a better position to identify cost-effective solutions to issues that arise. Finally, heavy machinery and equipment is often needed to install, maintain, and replace infrastructure. Again, larger districts are in a better position to spread those fixed costs over a larger ratepayer base.

In contrast, there appear to be fewer opportunities for economies of scale in districts that depend heavily on personnel to provide their services, and therefore consolidation may not offer as many benefits for those districts. For instance, one fire chief we spoke with suggested that, as a general rule, fire districts with fewer than three to five stations may operate less efficiently, but once the number of stations exceeds approximately eight, effective coordination of the larger district requires the same number of leadership positions as in multiple smaller districts, thus reducing the potential savings from economies of scale. On the other hand, we also heard that consolidation can improve the "coordination of command" in fire districts by laying out formal command structures that supplant the ad-hoc arrangements that can arise when multiple districts cooperate to fight a large fire. These formalized command structures can improve fire districts'

responses by ensuring that all personnel have received explicit direction about tasks and responsibilities.

***Access to Resources.*** Another factor that can affect efficiency and delivery of service is a district's ability to secure adequate financial resources. Fire districts need revenues to cover costs associated with hiring and training personnel and purchasing equipment. Water districts need funds for operating costs and to pay for maintenance and upgrades to infrastructure. Districts of all sizes need resources to absorb increases that happen due to inflationary pressures, changes in district land use or demographics, and increased regulatory requirements. In some cases, smaller districts may have more difficulty raising funds because their smaller constituent base may have lower aggregate income. But districts of all sizes can have difficulty raising funds because the California Constitution requires them to secure the approval of local residents before imposing taxes and assessments and limits their ability to impose fees for purposes other than the direct delivery of property or personal services.

***Management Quality.*** A final factor that we found that affects the efficiency of a district's operations and the level of service it provides is the quality of its management. Good management can lead to positive outcomes, a higher quality of service, effective and efficient use of financial resources and personnel, effective long-term planning, and accountability to the public. Mismanagement can take the form of intentional or unintentional misuse of funds, resulting in higher-than-necessary costs. Mismanagement may also take the form of the failure to engage in effective long-term planning and underinvestment in infrastructure. Based on our conversations, mismanagement appears to be a major factor in many cases of poorly performing districts. Mismanagement occurs in both larger and smaller districts, and therefore size may not be the overriding factor that determines whether a district is managed well. However, most of the cases of mismanagement that we were informed about occurred in smaller districts. Small districts may be more likely to suffer from poor management because they may have difficulty hiring professional managers, and their board members may not be as knowledgeable as those of larger districts. Importantly, we saw evidence that the solution to mismanagement is not necessarily consolidation. We observed various cases where water districts had come close to financial insolvency or had violated environmental laws as a result of poor management. In two of these cases, however, the small water districts replaced their general managers and became financially solvent within a few years of the change. Moreover, in the view of many people we spoke to, consolidation of two poorly managed districts would have resulted in the formation of a larger poorly managed district. Therefore, although poor management can be related in some fashion to district size, consolidation may not solve the issue.

### **Costs Associated With Consolidations**

Even where consolidations have the potential to improve efficiencies, it is important to be cognizant of the potential costs involved.

***Implementation Costs.*** First, there are one-time costs associated with conducting the consolidation process. Entities that initiate a consolidation are generally required to cover the cost of numerous LAFCO studies that accompany the effort, such as updated municipal service reviews, sphere of influence updates or special feasibility studies, which can cost hundreds of

thousands of dollars in some cases. Initiating entities also must cover the cost of an election if there is enough public protest to push the proposal to a vote. Small districts, in particular, may not have the resources to pay these costs, although LAFCO can reduce or waive fees for the studies. (We generally did not hear that these costs were truly an obstacle to consolidation.) Districts (and LAFCO) may also incur legal costs if there is resistance to a consolidation.

***LAFCO-Imposed Conditions.*** Second, the conditions LAFCOs approve when enacting a consolidation can add costs that offset efficiencies that would otherwise be achieved. For example, consolidating groups of personnel involves merging compensation packages with differing salaries and benefits. We heard in many cases that when packages are combined, the end result is the inclusion of the highest salaries and highest benefits for the personnel involved, referred to as the “harmonizing” of employee compensation packages. While this harmonization may be a necessary outcome from ensuring support by the districts and their employee groups for consolidation, it has the effect of increasing the cost of service and can offset some or all of the other efficiency gains achieved, at least in the short term. This is particularly prevalent in fire districts, for which personnel are the major expense. As another example, we heard that cost savings from fire district consolidations may be less than anticipated because as part of many final consolidation agreements, no or few fire stations are closed. This can preclude savings from the elimination of overlapping service areas. In the view of the constituents of the district, their local fire station is the symbol of the quality of their service. Therefore, even if there is another station that would be able to provide service as a result of the consolidation, constituents may object.

***Initial Investment Costs.*** Third, agencies absorbing another district through consolidation can face significant up-front costs as they repair aging infrastructure, purchase required equipment, or begin to build a reserve for emergencies or future upgrades. Therefore, providing service in an area previously served by a poorly managed district initially can be more expensive after consolidation. These up-front costs—which may still be offset by longer-term operational savings—are often cited as a barrier to consolidation.

### **Functional Consolidations Frequently Used to Improve Efficiency**

We have thus far described the benefits and costs of “structural consolidations,” which are consolidations performed through the LAFCO process and which involved altering jurisdictional boundaries and responsibilities. But we also found that many special districts of all sizes find other ways to realize some of the efficiency improvements associated with structural consolidations *without* going through the LAFCO process. Specifically, we found many cases of districts pursuing “functional consolidations” to improve efficiency. Functional consolidations can take several forms with differing levels of formality and integration: informal memoranda of understanding between districts, contracting for services, and JPAs. We found that functional consolidations frequently involve sharing administrative staff such as budgeting, human resources, legal, and IT personnel. They may also include contracts for the use of specialized equipment or sharing of operational staff such as maintenance workers. Finally, they can include shared purchasing agreements or shared investments in new facilities, thereby allowing smaller districts to achieve some of the economies of scale and potential efficiencies associated with larger districts.

We observed several examples of functional consolidations that were being considered or had already occurred. Several smaller water districts in San Diego County that are currently facing financial constraints are now in the process of agreeing on a functional consolidation that would focus on IT and human resources personnel while also allowing for the sharing of trucks for cleaning sewer systems. This arrangement may take the form of a JPA if it involves joint ownership of equipment. Similar arrangements have been pursued by northern San Diego County fire districts. In addition, Orange County's LAFCO has established a website to help local governments share services to achieve efficiencies. This website allows districts to post resources or assets they have available as well as resources that they are seeking, which it then matches to one another. Finally, as noted above, several cities and independent fire districts now contract with SBCFPD in order to provide lower cost, higher quality fire protection services to their constituents.

***The Upsides.*** Functional consolidations avoid some of the costs and other downsides of structural consolidations. One of the most frequently aired objections to structural consolidation that we heard was that it reduces local control over service delivery, and a major advantage of functional consolidations is that they allow constituents to retain that control. For instance, some fire districts in San Diego County share fire engines that are identified with multiple logos, each corresponding to a district that uses them. Constituents may see the logo of their local fire district and feel like they have a stake in the service provision. In this way, functional consolidations may not be subject to the same political objections as structural consolidations, and as such they may proceed more quickly. Functional consolidations also avoid some of the costs involved in structural consolidations. They may not trigger efforts to harmonize multiple employee compensation packages and they do not require a LAFCO review, with the process costs and the time associated with that process. Functional consolidations also eliminate the possibility that the residents of one district will directly subsidize those in another district, as may occur with structural consolidations. Finally, we heard that an additional benefit of functional consolidations is that they can be used as an interim step on the way to a full structural consolidation by demonstrating some of the benefits of consolidation and building trust between districts.

***The Downsides.*** In practice, functional consolidations may not deliver all of the same efficiency improvements as structural consolidations. Functional consolidations may not result in the same cost savings as structural consolidations because they do not result in the elimination of board members or district heads like fire chiefs or water district general managers. In fact, they may increase the number of managers and administrative staff if a JPA is created with new board members. Functional consolidations may also miss some improvements to service delivery because they may not allow for the same level of coordination of command as structural consolidations of fire districts.

Another trade-off associated with functional consolidations is that efficiency benefits only occur as long as all participating agencies wish to cooperate. We heard from some district representatives that JPAs can function very well as long as priorities among the participating entities are aligned, but they can fall apart if one district decides to move in a different direction. This can be undesirable because it allows such a district to make unilateral decisions that are beneficial for it but potentially detrimental to other districts.

Another issue we heard with respect to functional consolidations is that LAFCOs do not have explicit statutory authorization to review or alter these JPAs, even where those JPAs are providing direct services such as wastewater treatment or water supply. While LAFCOs may as a practice evaluate some JPAs in the course of conducting studies of services or member agencies, it is not clear that this practice is routine or that LAFCOs have authority to directly make the same kinds of changes in boundaries and services as they do for individual government agencies. We heard differing opinions among LAFCO executives about how significant of a problem this is. However, it appears that this lack of authority can become problematic because it potentially allows districts to expand the area over which they provide service without the same level of LAFCO review as the Legislature requires for other local governments. Based on the SCO's list of special districts, there are about 670 districts formed as JPAs in California (though many of these are agencies other than those formed as special districts).

## **RELATIONSHIP BETWEEN DISTRICT SIZE AND ACCOUNTABILITY**

You asked us to evaluate the linkage between district size and accountability. As we discuss in this section, our findings are inconclusive. We found some evidence—both anecdotal and statistical—that small districts can be less accountable than their larger counterparts. However, we also found anecdotal and statistical evidence that smaller districts may be just as accountable as larger districts. Finally, we suggest that, in part, a lack of transparency of special districts may be a more general problem and not limited to just small districts.

*Defining Accountability.* In our evaluation of how district size affects accountability, we focused on two components of accountability. First, for districts to be accountable, transparency is required. By this we mean that communities have access to information relevant to making informed decisions. This includes information on both which agencies provide services, as well as how well those services are delivered. Second, for districts to be accountable to the public they serve, that public should have access to the decision making process. In our governmental system, this is typically through the election of representatives. Access to the decision making process can also be achieved outside of the elections process, for example through participation at board meetings. Generally, we assume that if the public has access to relevant information (transparency) and fair access to the decision making process (access), special districts and their public officials can be held accountable for their performance.

### **Linkage Between District Size and Transparency Is Unclear**

We would expect that those agencies most accountable to their public would make important information on meetings, budgets, financial audits, and performance readily available. Current law requires all special districts, regardless of size, to make certain information publicly available. This includes holding open board meetings, making available board meeting recordings and materials, and reporting of financial and employee compensation data to the SCO.

We did find some limited evidence that smaller special districts may be less transparent than larger districts. For example, we heard from LAFCO executives and others that small special districts are more likely than larger districts not to have public websites and to fail to meet all public reporting requirements. As another example, we found that there were 20 independent

special districts that did not fulfill the requirement to report annual revenue and expenditure data to the SCO for 2008-09. Of these, 17 districts appear to be smaller districts—those with annual revenues of less than \$1 million, with a majority taking in less than \$100,000. (This analysis excludes special districts listed as not reporting but that appear to be inactive or for which we could not find prior-year revenue data.)

While there is some evidence to support the notion that some small districts are less transparent, outright violations of the law appear to be the exception, not the rule, according to LAFCO executives. In addition, while 17 districts with revenues of less than \$1 million did not report financial data to the SCO in 2008-09, approximately 1,600 independent special districts with revenues of less than \$1 million did so as required under current law. In addition, while it appears that small districts are less likely than larger districts to maintain websites, we found some small districts that did so. Perhaps more importantly, however, we could find relatively few examples of small *or* larger districts that provided comprehensive information on their websites—specifically that included all of the following information: meeting agendas and minutes, annual budgets, financial audits, and performance statistics.

***Lack of Transparency May Be a Broader Problem.*** The issue of a lack of special district transparency may be a more general one to consider, rather than simply being associated with district size. Though we could find no survey data on people’s knowledge of special districts generally, we suspect that it is common that average citizens may not be easily able to identify all of the special districts within which he or she lives, or whether a specific service is delivered by a special district or a general-purpose government. This is probably particularly true for non-enterprise districts for which residents do not receive a regular bill, as well as for districts in more populated urban areas where the public may assume that the service is provided by a general-purpose government. This general lack of knowledge is probably compounded by the fact that the property tax bill owners receive does not delineate how much of the base 1 percent property tax rate goes to each local government serving that property area. Property taxes make up roughly 10 percent of all special district revenues and a quarter of all non-enterprise special district revenues. It is hard to expect the public to hold local special districts accountable if they do not have complete knowledge of which districts serve them or how much they pay to support each district.

### **Effect of District Size on Community Access to Decision Making Is Unclear**

During our site visits and meetings, we received conflicting information regarding the accessibility of small special districts. Many people suggested that decision makers in smaller districts are *more* accessible to their constituents. If true, this would promote information sharing and help ensure that decision makers are responsive to community needs and preferences. We heard that it is typical for constituents of small districts to use the same neighborhood stores and attend the same social events as board members. We saw an example in the Circle Oaks County Water District (Napa County), where the general manager felt that his ability to walk door to door to communicate to local residents was key to the agency’s ability to convince voters to support a rate increase that was instrumental in bringing the district into fiscal solvency. Compared with larger districts, this high degree of interaction between board members and constituents allows constituents to raise concerns in a more informal and accessible environment.

In addition, these informal channels of communication can be an effective means for board members to inform constituents of issues.

In other cases, however, we heard that a special district's small size could contribute to reduced resident access to the decision making process. In particular, we heard that small special districts frequently do not hold elections and that the governing boards are filled with the same individuals year after year. While this could, in some cases, simply reflect an electorate that is generally satisfied with its special district board, the failure to have regular elections runs counter to the idea of a democratic process with regular community access. We even heard that in rare cases, for a variety of reasons, some small districts do not attract enough residents interested in serving on their governing boards to keep their board seats filled. As a result, governing boards of some small districts are filled with individuals appointed by the county board of supervisors or other governing board members.

***Measuring Access to Districts.*** Given the different perspectives regarding special district access, we sought to supplement our review by examining some factors that could be measured quantitatively. For reasons that we describe below, we thought that the following questions could help inform the discussion regarding special district access. Do special districts, particularly small special districts:

- Hold elections regularly?
- Have voter turnout rates that are similar to cities and counties?
- Overcompensate their employees compared with other local governments and the state?

Given time limitations, we focused our assessment on a subset of local governments in San Diego County. Specifically, for our analysis regarding the frequency of elections and voter turnout rates, we looked at local elections there between 2002 and 2010. For our analysis of employee compensation, we examined the compensation provided to the senior managers of 18 water districts there that employ professional staff and the five city departments that supply water to city residents.

***Some Small Special Districts Do Not Hold Regular Elections.*** Accountability is promoted when governing bodies hold regular elections. For our first measure, we examined whether special district elections were taking place in San Diego County from 2002 through 2010. (We used this sample of years from this county because it was the only one of our case study counties with elections data available in database format.)

San Diego County has 52 independent special districts with members elected to the boards of directors. A board member's term is four years and each board has three, five, or seven members. Boards typically have staggered elections—meaning that at least two seats on the board are on the ballot every two years. Since 2002, most San Diego County special districts would have held at least two—and possibly as many as five—elections. Under certain circumstances, state law permits special districts not to hold a regular election. Specifically, a special district need not hold an election if there are the same number of candidates, or fewer candidates, as there are open seats.



Our review of the 52 special districts found that 42 of them—including all of the special districts serving more than 4,000 people—held at least one election since 2002. Ten special districts, in contrast, held no elections at all during the more than eight-year period. Most of the districts that had no elections are very small water or community services districts, typically serving fewer than 1,000 residents and having an operating budget in the range of tens to hundreds of thousands of dollars annually. One of the districts that did not hold an election, however, is a fire district responsible for serving almost 4,000 residents and managing an annual operating budget of about \$1.8 million. We also found that some special districts held fewer elections than otherwise would have been expected (based on the term of the special district governing board members).

It is also worth noting that certain types of independent special districts—primarily cemetery districts—have governing boards with board members that are appointed by general purpose governments, usually the county board of supervisors. We estimate that roughly 400 independent special districts in California (about 19 percent of the total statewide) are board appointed rather than directly elected. To the extent that direct public access to local government is a concern, one could ask whether it makes sense to have independent districts without independently elected boards. When we raised this issue in our meetings, it was suggested that these districts might have trouble finding enough people interested in running for board seats if they were directly elected. It is unclear to us, however, why this would be the case for these districts versus other types of districts. Moreover, if that lack of public interest were true, it suggests that there was not a strong interest in local control and, consequently, as strong a rationale for the district to be independent.

***Special Districts Voter Turnout Was Similar to Cities and County.*** While holding elections is an important component of an accountable government, it is not sufficient. Accountability also requires that citizens express their opinions by voting. For our second measure, we examined voter turnout rates (as defined by the number of votes cast relative to the number of registered voters in a jurisdiction). Comparing these voter turnout rates with city and county voter turnout rates helps assess the degree to which residents are engaged in special district governance. In our analysis of San Diego County local governments since 2002, we found that regardless of the size of the district, special district voter turnout was substantially similar to the turnout for city and county government elections.

***Water Districts Provided Higher Employee Compensation.*** Like any organization that uses public funds, special districts have a fiduciary duty to ensure that public funds are spent efficiently and effectively for the public good. Employee compensation comprises a major component of many governmental entities' expenditures. One could reasonably expect that accountable agencies would seek to not overcompensate employees so as to charge customer rates no higher than otherwise necessary.

For our third measure of accountability, we used data collected by the SCO to compare (1) the amount of compensation that 18 water districts in San Diego County provide their general managers with (2) the amount of compensation that five cities in the county provide directors of departments responsible for providing water services. As an additional point of comparison, we contrasted district general manager compensation with the compensation provided by the State of

California to the director of the Department of Water Resources (DWR). We focused on the compensation provided to these top managers because their responsibilities have significant similarities, and the press and residents often follow senior manager compensation levels closely (particularly in the case of enterprise functions, like water, which recoup their costs by charging residents rates). Thus, executive management compensation can serve as an indirect gauge of local oversight. We found that water districts in San Diego County provide greater compensation to their general managers when compared to city department managers and the director of DWR.

While employee compensation levels are a potential indicator of accountability, we would note that it is an imperfect one. Employee compensation levels can reasonably vary due to factors such as cost of living and desirability of different locations. Some, but not all of this variance is controlled by the fact that we looked at districts and cities within a single county.

With the exception of the two smallest special districts (serving fewer than 400 residents), most water district general managers in San Diego County earn about \$200,000 and have about 86 subordinate employees. Overall, the variation in general manager salaries (from a low of \$160,000 to a high of \$270,000) does not appear to reflect the size of the district as measured by the number of district residents or employees. These district general managers are eligible for pension benefits using the “2.5 percent at 55,” “2.7 percent at 55,” or “3 percent at 60” formulas.

Five cities in San Diego County provide water services through their water department or another municipal department. These department directors earn about \$150,000 and have 217 subordinate employees on average (though this includes the City of San Diego’s water department, which has about 800 employees). Like their special district counterparts, the variation in directors’ salaries (from a low of \$110,000 to a high of \$190,000) does not appear to reflect the number of city residents or employees. The directors are eligible for similar pension benefits as special district general managers. In our review of city and special district salaries, we found that district general manager salaries often are more similar to a city manager’s salary than to the salary of a city water department director. This finding is somewhat perplexing given the generally wider range of responsibilities required of a city general manager.

While there is no state employee classification that is directly comparable to a water district general manager, the position of the director of DWR has some similarities. The state director earns \$165,000 annually—less than all but three of the water district general managers in San Diego County. The director of DWR oversees a department with more than 3,000 staff, significantly more than any district general manager or city director in San Diego County. The director of DWR is eligible for the “2 percent at 55” pension formula, a less generous benefit than the pension formulas extended to general managers and municipal department directors.

### **Overall Assessment of Special District Accountability**

Conflicting viewpoints about special district accountability prompted us to explore several statistical measures related to accountability. The outcome of this review is inconclusive. One measure (SCO reporting) suggests that the vast majority of special districts, including small districts, report financial data to the state as required. Another measure (voter turnout rates) suggests that special districts, including small special districts, have levels of accountability that are similar to other local governments. Two other measures (holding elections and top

management compensation) suggest that there might be some limitations to special district accountability. Given the limited scope and range of our measures, we urge you not to generalize from our findings, but to use the measures as a branching off point for any future legislative hearings on the topic, as discussed later in this letter.

## **EFFECTIVENESS OF LAFCOs**

You asked us to review how well LAFCOs are operating, the degree to which they are evaluating the “right” metrics when considering consolidation, and what barriers they face in initiating consolidations. In this section, we describe our findings that the LAFCOs we reviewed generally appear to be well positioned to review the work of special districts and to consider consolidations. They appear to conduct their reviews in a thorough and professional manner. We also find that LAFCOs vary in how they evaluate when consolidations make sense. This variation reflects the discretion allowed under current law and is probably appropriate. However, we also find that their LAFCOs do not consistently measure efficiency in their evaluations, something that makes it difficult to evaluate and compare how well different districts and general-purpose governments are utilizing public funds. In addition, we find that LAFCOs face some barriers to initiating consolidations and, therefore, are sometimes wary of doing so when the affected districts are likely to be opposed.

### **LAFCOs Appear to Fulfill Legislative Mission**

The Legislature has the authority to create, dissolve, or otherwise modify the boundaries and services of local governments, including special districts. Beginning in 1963, the Legislature delegated the ongoing responsibility for making these determinations to LAFCOs in each county. The responsibilities and authority of LAFCOs have been modified in subsequent legislation, including a major revision of the LAFCO statutes in the Cortese-Knox-Hertzberg Local Government Reorganization Act of 2000 (Chapter 761, Statutes of 2000 [AB 2838, Hertzberg]). The courts have referred to LAFCOs as “watchdogs” of the Legislature (*City of Ceres v. City of Modesto*). According to the courts, LAFCOs were created “to encourage the orderly formation and development of local government agencies...to guard against the wasteful duplication of services that results from indiscriminate formation of new local agencies or haphazard annexation of territory to existing local agencies.”

Based on our site visits and reviews of various documents, we found that the LAFCOs in San Bernardino, San Diego, and Napa Counties appear to be fulfilling their legislative mission. In each of these counties, the LAFCOs do the analysis of services and boundaries, produce reports, and make recommendations designed to encourage orderly government. They employ professional staff with backgrounds and training in related fields, such as regional planning. The work of LAFCO staff appears to be deliberative and professional.

We would note, however, that the LAFCO executives we spoke with reported that they are not up to date on having all spheres of influence and municipal service reviews updated every five years, as required by law. We heard from LAFCOs that this is a common problem statewide and is a consequence of the workload being more than their current budgets can support. We also note that our findings on the quality of LAFCO products in these three counties are not

necessarily indicative of the quality in all counties. San Diego County and San Bernardino County, for example, appear to be among the best funded LAFCOs in the state, something that could affect the number and quality of staff they are able to hire, as well as the number and quality of service and boundary reviews they are able to complete annually.

### **LAFCOs Have Discretion in How They Evaluate Merits of Consolidation**

It is difficult for us to evaluate whether LAFCOs are using the “right” metrics when evaluating the merits of consolidation proposals, largely because current law does not articulate when consolidations should occur. Current law sets, as a minimum threshold, that LAFCOs must declare that any consolidation (or other reorganization of districts, such as dissolutions or mergers with cities or counties) would result in lower or substantially similar public service costs and that it would promote public access and accountability. However, current law does not say when a consolidation should occur. It does not provide any specific guidance to LAFCOs detailing the criteria under which a consolidation should be approved or when consolidations are likely to promote orderly formation of governments, preservation of agricultural land, and discouragement of urban sprawl as is the mission of LAFCOs.

Possibly because of this lack of statutory specificity, we found that LAFCOs typically evaluated special districts and the possibility of special district consolidation on a case-by-case basis. While LAFCOs generally indicated that there was not a single set of criteria upon which to make consolidation decisions, we heard a couple of common rationales for when LAFCOs believe consolidation of districts is merited:

- LAFCOs recommend consolidations when they believe that a district is not likely to be financially sustainable over the long term and merging that district with another could improve their viability. The evaluation of long-term sustainability could focus on the agency’s ability to fund its annual operations costs, as well as its long-term infrastructure needs, particularly in light of how the LAFCO projects population and service needs to grow or change in that area.
- LAFCOs were more likely to consider consolidations in cases where there are overlapping boundaries or duplication of services. This could occur where two districts are providing the same or similar services in the same geographic area, or where there are small pockets of services provided by one district that is wholly or largely surrounded by another district providing the same service.

These rationales seem generally consistent with the mission of promoting orderly government to the extent that it successfully prevents the financial collapse of poorly operating districts or the inefficient duplication of services.

We would note that while current law does not specify criteria for when consolidations should occur, it does require that a consolidation may occur only if that consolidation is consistent with the recommendations or conclusion of a LAFCO study, which is usually an MSR or sphere of influence report (which is produced after or in conjunction with the MSR).

The MSR is required to review and make written determinations in six areas related to an agency's operations:

- Growth and population projections for the affected areas.
- Present and planned capacity, including infrastructure needs and deficiencies.
- Financial ability of agencies to provide services.
- Opportunities for shared facilities.
- Accountability for local service needs, including governmental structure and operational efficiencies.
- Any other matters related to effective and efficient service delivery, as required by commission policy.

As with the decision to approve consolidations, the law does not provide guidance to LAFCOs to instruct them on how to weigh each of the six factors it is required to review. Instead, it leaves this to the discretion of the local LAFCO, effectively making it a decision based on local priorities and preferences. Importantly, the law does not provide guidance on how each of these six factors is to be measured, again resulting in local discretion of what metrics LAFCOs use. This discretion allows LAFCOs to be flexible to their local priorities and preferences. However, we think the variation results in at least one significant trade-off, specifically in the area of measuring efficiency. As we noted earlier in this letter, we found that when evaluating service delivery, LAFCO MSRs tend *not* to focus on measures of efficiency—such a service per amount of cost—instead focusing more often on other measures of service provided. For example, in the area of fire protection, LAFCO MSRs frequently used the number of emergency responses and response time as measures of service delivery. These appear to be typical measures when evaluating the performance of fire departments. However, in no case did we see where fire service data was combined with financial data to give a measure of efficiency. In part, a focus on level of service rather than efficiency appears to be a consequence of the fact that efficiency can be very difficult to measure. The consequence of the LAFCO focus on service levels rather than efficiency, however, is that it makes it impossible to compare the efficiency of service delivery across similar agencies within a county or across counties, or for a single agency before and after consolidation. An inability to compare government efficiency deprives the LAFCO, Legislature, and public with a meaningful way to evaluate how well public funds are spent by their local agencies.

### **LAFCOs Sometimes Wary of Initiating Consolidations**

Current law does not require LAFCO boards to approve a consolidation when staff recommend that action. A common theme we heard in our conversations with LAFCO and special district representatives was that while LAFCOs have the authority to initiate consolidations, they are often reluctant to do so if the special districts subject to the consolidation were likely to be opposed. The view was that the power of special districts to oppose a proposed consolidation was greater than the power of the LAFCO to force it on an uncooperative district. The reasons a district might oppose consolidation are varied and include a desire by board

members or general managers to retain their positions, the concern by a well-performing district that taking over a poorly functioning district could increase the costs to its own constituents, and the concern by a district and its constituents that consolidation could reduce constituent access to the district and its board.

Some of the barriers to LAFCO-initiated consolidation are inherent in the law itself. Specifically, the constituents of a district generally can send a LAFCO-initiated consolidation proposal to a public vote if 10 percent of the population in any affected district files a protest. By comparison, the protest threshold is 25 percent if a district initiates the consolidation process. Additionally, the law provides that if a consolidation proposal goes to public vote, a majority of voters in each affected district has to support the consolidation for it to be successful, not a majority of all the voters. In both of these cases, our understanding is that the law is designed to preserve the local autonomy of each affected district and its constituents. In addition, the law requires the LAFCO to pay for all costs for studies and elections if it is a LAFCO-initiated consolidation proposal, whereas the district(s) pay for these costs if they propose or request the consolidation.

In addition to the barriers established in existing law, LAFCOs and special district representatives suggested that there are other tools districts can employ if they oppose consolidation. Many districts have more financial and political resources at their disposal than LAFCOs and may use them to ensure their preservation if they oppose consolidation. We heard examples of public outreach campaigns and lawsuits initiated and funded by special districts to oppose consolidation efforts initiated by LAFCOs. In more than one of these examples, the special district was successful at preventing the consolidation, usually by preventing the LAFCO board from approving the staff recommendation to approve consolidation. We heard of very few examples of consolidations that went to public vote.

Because of the varied ways that a district can oppose a LAFCO-initiated consolidation, LAFCOs frequently take into account the likelihood of opposition when deciding whether to propose a consolidation. In such cases, LAFCOs often prefer to act as a broker for consolidation, working with the different districts to convince them that consolidation is in each of the districts' best interest. In part because of this, consolidations can take a long time to complete. For example, the consolidation of fire districts in the unincorporated areas of San Diego County began with a fire study in 1997, followed by the creation of a task force in 1999 and multiple subsequent reports. The district consolidation was initiated in 2007 and is still in the process of being completed today.

## **OPTIONS FOR LEGISLATIVE CONSIDERATION**

As described in this letter, we did not find conclusive evidence that small special districts are inherently less efficient or accountable than their larger counterparts. However, we find that there are opportunities to improve the accountability of special districts generally, thereby potentially promoting better outcomes and efficiency of many local special districts, including small and large districts. We also find that there may be opportunities to improve the LAFCO process to successfully achieve consolidations when they make sense analytically. In this section, we offer several options you may want to consider to achieve these outcomes.

## Increasing Special District Transparency

Efforts to increase the transparency of governments can allow the local public and media to have better information upon which to make informed decisions and hold their elected officials accountable.

**Searchable Databases.** One way to promote increased transparency would be to make it easier for individuals to know what special districts they live in and what they pay for in those districts. For example, the state or local governments could create searchable databases accessible on the internet where individuals could input their address and be provided a list of all special and general-purpose governments that serve them. Potentially, this list could include contact information for those agencies, as well as links to their websites if they maintain one. The San Diego County Water Authority's website has this functionality for water districts in that county. According to representatives of the California Special Districts Association, they are currently undertaking a project to accomplish something like this for all special districts statewide. It may be worth considering a way to coordinate their efforts with the SCO (which collects annual financial data on all special districts) and LAFCOs (that have to update and maintain data on district boundaries).

**Property Tax Bill Information.** Another way to promote transparency would be to encourage or require that property tax bills identify how the revenues associated with a property's 1 percent base property tax rate is allocated among all special districts, general-purpose governments, school districts, and redevelopment agencies. Currently, this allocation varies greatly among properties within counties. To our knowledge, no counties put this information on the property tax bill sent to property owners. Consequently, no individual property owner is able to learn from their property bill how their property tax revenues are allocated among different levels of government.

**Public Websites.** A third way to improve transparency of special districts would be to encourage or require all special districts to maintain public websites and to include certain information on those sites, such as annual budgets, fiscal audits, board meeting notices and minutes, performance data, links to LAFCO reports, and the term of office for current board members. Currently, many districts maintain websites, and many of those include much of this information. However, smaller districts appear to be less likely to have websites, and many districts that have websites do not include all of this information.

In considering ways to promote transparency, we would offer a caution to consider how any legislative actions could result in state-reimbursable mandates. For example, requiring counties to alter their property tax bills to include allocation information probably would result in a state-reimbursable mandate for the costs associated with reconfiguring databases and reporting processes necessary to carry out that requirement. We are wary of recommending actions that could result in state-reimbursable mandates because these are costs that are outside the state's control and can end up being much greater than anticipated. However, in some cases, there are strategies the Legislature can employ to achieve much of the same objective without creating a state-reimbursable mandate. One example of such a strategy would be to make the receipt of certain funding—such as state grants—by special districts contingent on conforming with the

desired practice, such as having a website or providing more detailed information on the property tax bill.

### **Providing Voters With Information When Special Districts Do Not Have Elections**

As we note, ten small districts in San Diego County failed to hold a single election during the five election cycles from 2002 through 2010—either because there was only one candidate per board seat or because no one ran for an open seat. One option the Legislature might consider is requiring that all board seats be included in the county voter guide or on the ballot regardless of whether the seat is contested or not. This would provide a measure of increased special district transparency because it would let voters know that they are constituents of this district and who the board member will be (or if the positions will be vacant until they are filled by appointment). By the same logic, perhaps all independent special districts should be elected. As described earlier, there are about 400 independent special districts that have their board members appointed by a general-purpose government, usually the county board of supervisors.

In considering these changes to special district elections, we should note that many provisions relating to elections have been found by the Commission on State Mandates to constitute state-reimbursable mandates. It is possible that requiring special districts to provide this election related information could be found to be reimbursable.

### **Developing More Consistent Evaluation Metrics**

As described above, we find that there is variation in how LAFCOs evaluate efficiency when conducting MSRs, and in many cases LAFCOs do not appear to actually measure efficiency, instead relying on other measures of service delivery such as amount or quality of service. The Legislature might want to promote the use of consistent measures of efficiencies by LAFCOs and the establishment of statewide or regional benchmarks. If LAFCOs used consistent measures in their reports, it would be easier for the public to compare the operations of different special districts and general-purpose governments both within counties and across county lines. Having clearly defined benchmarks also could be a way to hold local governments more accountable to their constituents who would have more information upon which to judge the effectiveness of their service providers.

It is important to note, however, that coming up with such measures would be challenging. As we describe in this letter, measuring efficiency in a service area such as wastewater treatment may be relatively straightforward, but in other service areas measures of efficiency in government operations are often more difficult to determine. For example, how does one evaluate the efficiency of providing park services? Also, meaningful measures of efficiency are going to vary significantly by service type and could, in some cases, vary by region or even within a region or county. For example, measuring efficiency will be very different if one is looking at fire protection versus another type of service, and reasonable expectations for fire response time and costs may be different for urban versus rural areas.

While challenging, we do not believe developing useful metrics for LAFCOs to use is impossible. In fact, the Orange County LAFCO has already begun working in this direction by developing a system on its website that provides multiyear financial data—such as revenues,



expenditures, and reserve data—for every agency in that county. While not directly measuring efficiency of each agency, it is clear that the Orange County LAFCO is attempting to find more consistent ways to evaluate the fiscal operations of agencies. Further, by posting that information on its website, that LAFCO is working to increase the public transparency of its districts.

In establishing these types of metrics, the Legislature would need to consider whether the specific standards for each service type should be developed at the state level—for example, by the Office of Planning and Research or various state departments—or should be set at the local level, for example by each county LAFCO. A more decentralized approach potentially could provide greater flexibility for LAFCOs to tailor the metrics to local differences in geography, demographics, or preferences. On the other hand, a more centralized, consistent approach would better allow the public to compare individual agency outcomes across counties. The Legislature also would need to consider whether to make the development and use of these metrics a requirement for LAFCOs or let them be advisory. Given the fiscal constraints LAFCOs face, it may be important for the state to provide some time and technical assistance before making this a requirement.

Given the complexities of developing standardized metrics, we would suggest that, should the Legislature be interested in encouraging more consistent evaluations by LAFCOs, that the Legislature use a process that is inclusive of representatives of local stakeholders, including special districts, LAFCOs, and general-purpose governments. By including the participation of local stakeholders, there is an increased probability that any standards or benchmarks developed would be flexible enough to be useful to local agencies and constituents in different parts of the state with different service priorities.

### **Reducing Hurdles to LAFCO-Recommended Consolidations and Oversight**

As discussed above, we found that there are some legal barriers to consolidations. Specifically, the law provides a lower protest threshold to place a consolidation proposal on the ballot when the proposal is initiated by a LAFCO rather than a district. Also, when consolidation proposals are placed on the ballot, it takes a majority of any single affected district to defeat the measure, not a majority of all affected voters. In both cases, these provisions are designed to protect the ability of the constituents of each affected local government to maintain local control if that is their preference. In effect, these provisions tilt the process *against* consolidation.

In weighing the rights of local citizens to maintain local control of their governments against a desire for more efficient and effective provision of local services, one approach might be to reduce some of these barriers if certain conditions are met. For example, the protest threshold could be increased if LAFCOs demonstrate certain findings related to failures of a district's public accountability (for example, frequently vacant board seats) and/or specific improvements in efficiency or effectiveness that would be achieved (for example, likelihood of meeting minimum water safety standards). By analogy, other successful legislation has been aimed at reducing barriers and expediting the LAFCO process when certain conditions are met. For example, Chapter 109, Statutes of 2011 (AB 912, Gordon), was recently approved by the Legislature for the purpose of expediting special district dissolutions by eliminating the

requirement for elections or protest proceedings when certain conditions were met related to (1) how the dissolution was initiated and (2) LAFCO findings.

We would also suggest the Legislature consider expanding LAFCO authority to oversee JPAs. As we describe, LAFCOs have no statutory authority to oversee the JPAs that districts or general-purpose governments enter into. This includes JPAs that are providing services, such as wastewater treatment or water supply. Consequently, LAFCOs have no statutory authority to review the financial and service data of these JPAs to ensure that they are providing services and using taxpayer and ratepayer funds efficiently and in a manner consistent with current law. Nor does a LAFCO have authority to alter a JPA's boundaries or services in the same way that it can do for individual special districts and other local government agencies. We do not think this expanded authority should be undertaken with the intent of discouraging the use of JPAs because those agreements are one strategy that special districts use to achieve higher efficiencies. However, we think that it is important that the entities created under JPAs be subject to some level of oversight akin to the districts and general-purpose governments that utilize them. One suggestion we received was to require districts to provide LAFCOs with copies of all JPA agreements, including amendments.

### **Increasing Legislative Oversight of LAFCOs and Special Districts**

As we note, the Legislature created LAFCOs to fulfill a legislative function, reviewing local government boundaries and services. While there is good reason for this process to remain fundamentally a local one, there may be value in formalizing more legislative oversight over this function. This could involve regular policy committee or oversight hearings where LAFCO and local government representatives from a given county or region come before the Legislature to provide updates on the major issues, challenges, and changes in their area. Alternatively, legislative committees could delve into areas of particular concern, including getting more information and perspectives from around the state on some of the issues and options raised in this letter. For example, should the Legislature be interested in additional oversight or policy hearings, some questions we think would be valuable to follow up on with local agencies and LAFCOs include the following:

- Are there opportunities to encourage the use of functional consolidations to improve efficiencies?
- Would providing LAFCOs additional oversight authority over JPAs improve the orderly formation of governments?
- How common is it for special districts to go multiple election cycles without having board elections?
- Are there other opportunities to reduce election or other barriers to consolidations that make sense analytically?
- Do special districts overcompensate employees compared with general-purpose governments providing the same services?

- What are the best metrics to use in evaluating efficiency and accountability, particularly for different service types? Are there statewide or regional benchmarks that could be used as standards against which to evaluate government performance?

## **CONCLUSION**

I hope that this information has been of assistance in answering your questions on the topics of special districts and the LAFCO process. If you should have any follow-up questions, please feel free to contact my staff. For general questions, please call Brian Brown at (916) 319-8325. For more specific questions related to water districts, call Anton Favorini-Csorba at (916) 319-8336, and for questions on special district elections or employee compensation, call Nick Schroeder at (916) 319-8314.

Sincerely,

Mac Taylor  
Legislative Analyst

The California Special Districts Association Working Group on Local Agency Formation Commission (LAFCO) Law is interested in learning more about why some LAFCOs do not have special district representation. There are 58 LAFCOs in California and 29 (half) have special district representation. A recent [report](#) by the Legislative Analyst's Office considers expanding the authority and power of LAFCOs. Therefore, we would appreciate if you could complete this short survey regarding your thoughts on special district representation on LAFCOs. Please provide your response to this survey by February 27, 2012.

LAFCOs currently have numerous powers, but those of primary interest to special districts are the power to conduct municipal service reviews, act on local agency boundary changes, adopt spheres of influence and govern over formations and reorganizations including dissolutions, mergers and consolidations. LAFCOs were formed with the purpose of discouraging urban sprawl and encouraging the orderly formation and development of local agencies.

- 1. Name**
- 2. Title**
- 3. District**
- 4. County Located In (if multi-county, please list primary county)**
- 5. Based upon the responsibilities of LAFCO, do you feel it would be important for your agency (along with other districts in your county) to have representation on LAFCO?**
- 6. How would LAFCO participation impact you agency's budget?**
- 7. Other than cost, are there any reasons that deter your agency's participation? Please explain.**
- 8. Approximately, how much expense would you/your agency be willing to incur, at the most, in order to gain representation?**
- 9. The current process for gaining special district representation on LAFCO is for a majority of independent special districts within a county to, within a one year period, adopt and submit to LAFCO a resolution proposing representation.**
  - 9 (a). Would a streamlined process help the special districts within your county gain representation on LAFCO?**
  - 9 (b). Do you have any suggestions as to how the process might be streamlined?**
  - 9 (c). Would an expanded timeframe (two years instead of one year) help the special districts within your county gain representation on LAFCO?**
- 10 (a). Has your agency or other special districts within your county ever attempted to gain representation on LAFCO?**
  - 10 (b). If so, when, and what was the outcome?**
  - 10 (c). Were there any specific barriers?**
- 11. What do you see as the most important reason for special districts to have representation on LAFCO?**
- 12. Any additional comments regarding special district representation on LAFCO and/or how CSDA can help?**



# **TULARE COUNTY LOCAL AGENCY FORMATION COMMISSION**

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COMMISSIONERS:  
*Juliet Allen, Chair  
Cameron Hamilton, V. Chair  
Steve Worthley  
Rudy Mendoza  
Allen Ishida*

March 7, 2012

ALTERNATES:  
*Gerald Magoon  
Amy Shuklian  
Mike Ennis*

TO: LAFCO Commissioners and Alternates

FROM: Ben Giuliani

EXECUTIVE OFFICER:  
*Ben Giuliani*

SUBJECT: CALAFCO Legislative Update

Listed below is some of the new legislation that CALAFCO is tracking:

\* Assembly Local Government Omnibus Bill - This is a Committee bill that will be introduced next month. CALAFCO sponsors the bill. It is expected to include phase 1 of the protest provisions rewrite along with several technical fixes.

\* LAFCo Eligibility for Strategic Growth Council Grants – CALAFCO is hoping this will be an Assembly Local Government Committee bill in March.

\* AB 2238 (Perea) - This bill is sponsored by California Rural Legal Assistance. It currently does two things with respect to LAFCo: 1) removes discretion on whether to prepare organization efficiency studies when conducting an MSR (changes may to shall); and 2) removes discretion on evaluating a water agency's compliance with the Safe Drinking Water Act (changes may to shall). It also makes LAFCo eligible for certain water grants. Bill Chiat has been holding meetings with CRLA and discussed the enormous costs associated with organization efficiency studies in every MSR. They recognize the impacts and are working on revised language. Bill hopes to have the language to share with the CALAFCO Legislative Committee at their March 16<sup>th</sup> meeting.

\*SB 1498 (Emmerson) - This bill is sponsored by the League of Cities. The League has been very concerned about the annexation language added by SB 244 which requires a separate annexation application to LAFCo for a DUC when it is adjacent to uninhabited territory the city would like to annex. The bill does two things: 1) it includes the CALAFCO language for out-of-agency service extensions (56133); and 2) it eliminates the annexation language. The League is hoping that by packaging these two concepts they can get the support of Senator Wolk and other stakeholders. Both the CALAFCO Board and the Legislative Committee have expressed support for the 56133 language, but are neutral on the annexation language removal.

\* SB 1566 (Negrete McLeod and Emmerson) - This bill would fix the VLF shift for incorporations and inhabited annexations since 2004. The VLF funds were shifted away from these communities last year by the budget bill SB 89. The bill has bipartisan support with authors and coauthors from both parties in both houses.

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## **New Board Member Appointed**

The CALAFCO Board of Directors met in Irvine on Friday, February 10<sup>th</sup>. The Board appointed Riverside LAFCo Commissioner **Eugene Montanez** to fill the vacancy created when Jon Edney lost his council race in November. Commissioner Montanez is the Mayor of Corona. His seat is the city commissioner from the Southern Region. It will be up for election at the annual conference this fall.

Board member **Cathy Schlottmann** announced she was not reappointed as a special district commissioner on the Santa Barbara LAFCo. The Board thanked her for her service. The Coastal Region is conducting a process to identify a special district commissioner from the region to recommend for appointment to the Board. Interested commissioners should send their name to executive officer Lou Ann Texeira (Contra Costa LAFCo).

## **Legislative Activities**

CALAFCO policy calls for the Board to approve legislative policies and priorities annually. After receiving recommendations from the Legislative Committee, the Board of Directors adopted the **2012 Legislative Policies and Priorities**. Two new policies were added:

- \* Support continuance of the Williamson Act and restore subvention payments
- \* Support proposals which provide LAFCo with additional tools to encourage shared services amongst local agencies

The Policies are available on the CALAFCO web site.

The Board was updated on current Legislative Committee action, including work on the Assembly Omnibus bill. In addition to several technical changes to Cortese-Knox-Hertzberg, the bill is expected to include the first phase of the protest provisions update project. Staff is working on three additional initiatives: 1) transfer of principal county for sphere of influence changes; 2) allow LAFCo to be eligible to apply for Strategic Growth Council Grants; and 3) streamline the waiver of notice and protest proceedings for county service area proposals.

Currently bills are being introduced as they return from Legislative Counsel. As of the Board meeting staff had not seen any other bills that affect LAFCo. If any are introduced they appear on the CALAFCO web site. The Board discussed two issues from the Legislative Committee:

- \* **56133 Service Extension Authority** – The Board discussed the proposal and evaluated feedback received from LAFCos (one oppose, one 'not support', and five support) as well as a letter from the Environmental Defense Center requesting stakeholder input before proceeding. The Board felt it was important to have involvement of the all

stakeholders before seeking legislation. They adopted a position to initiate conversations with the environmental and agricultural communities with the goal of introducing language in 2013.

- \* **LAFCo Name Change** – A member LAFCo requested the Association consider seeking a name change for LAFCo. The Board voted unanimously not to proceed with pursuing the idea. They felt there was not sufficient justification to proceed nor the CALAFCO resources that would be required for the effort.

## **New White Paper Released**

CALAFCO staff and consultants have completed a major update to a research paper. "LAFCos, General Plans and City Annexations" is a Governor's Office of Planning and Research (OPR) paper that was last updated in 1997 – before CKH. CALAFCO worked closely with OPR on the rewrite of this paper. It is now available for download from the CALAFCO web site.

## **Plans Proceed for the 2012 Staff Workshop**

The Staff Workshop is scheduled for April 25<sup>th</sup>–27<sup>th</sup> in Murphys (Calaveras County). With the theme *LAFCos in a Brave New World*, a series of in-depth sessions are planned for executive officers, clerks, analysts and counsel covering a breadth of LAFCo issues. The mobile workshop highlights the historic Utica Power Authority power and water systems. The workshop will be preceded by a CALAFCO University course *Shared Services and Service Efficiencies*. Detailed information and registration is available on the CALAFCO web site.

## **CALAFCO Administration**

The Board addressed several administrative issues. The quarterly financial reports were reviewed. The budget is on track for the year with no changes anticipated. The Board considered the 2012-13 dues. CALAFCO Bylaws call for the dues to increase annually by the state CPI. For the last three years the Board has voted not to implement the increase because of the economic crisis. Costs continue to increase, however and for 2012-13 the Board did not bely the CPI increase. The dues increase will be 2.2%.

The Board reviewed its policy on guest meals at conferences and workshops. The Board reiterated its policy that guests must purchase any meals they plan on eating. Meal tickets and conference registrations are not transferable to guests.

## **Bill Chiat Announces Retirement**

CALAFCO Executive Director Bill Chiat announced that he would be retiring after eight years of service. He will be staying on through the CALAFCO conference in October. Chair Jerry Gladbach is heading a committee that will oversee the recruitment. An RFP is expected this spring.