

# LAFCo 101

**Mendocino Local Agency Formation Commission**





# What is LAFCo?

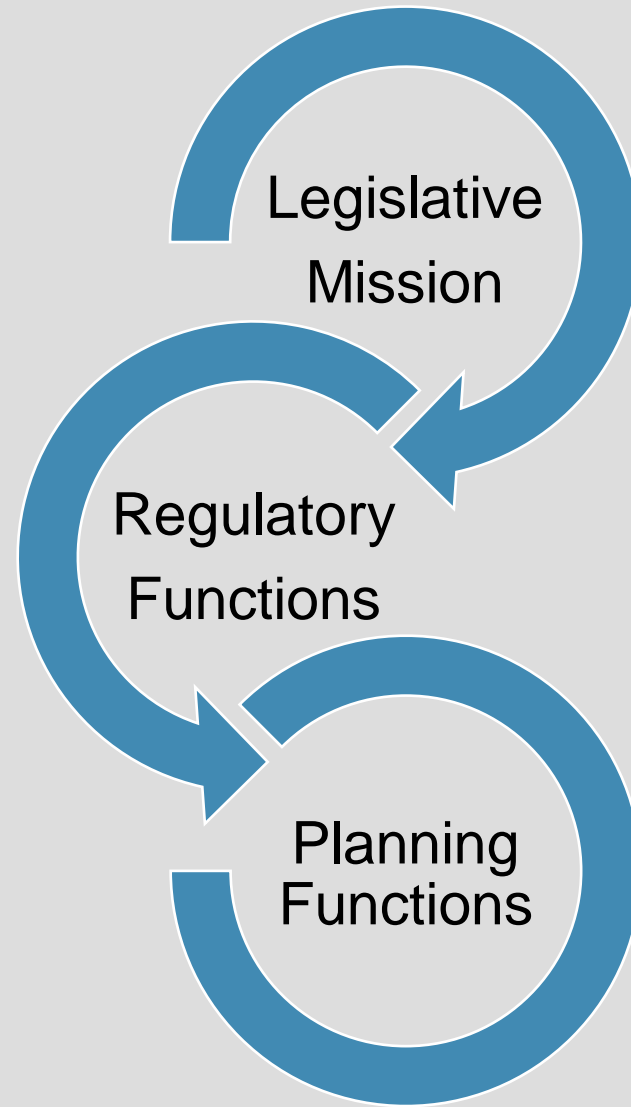
- + State mandated independent local agency (1963)
- + Created to regulate local government
- + Responsible for logical and timely boundary changes and efficient provision of services of cities and special districts
- + LAFCo is Legislature's "watchdog" over local governments – one job is to monitor local government actions
- + Every County has a LAFCo

# Agencies Under LAFCo Jurisdiction

- + Counties
- + Cities
- + Most Special Districts
- + NOT included:
  - + JPAs (must submit agreements to LAFCo)
  - + Community facilities or Mello-Roos districts
  - + School or college districts
  - + County boundaries
  - + Bridge and highway districts
  - + Improvement districts
  - + Zones of benefit
  - + Air quality/pollution districts

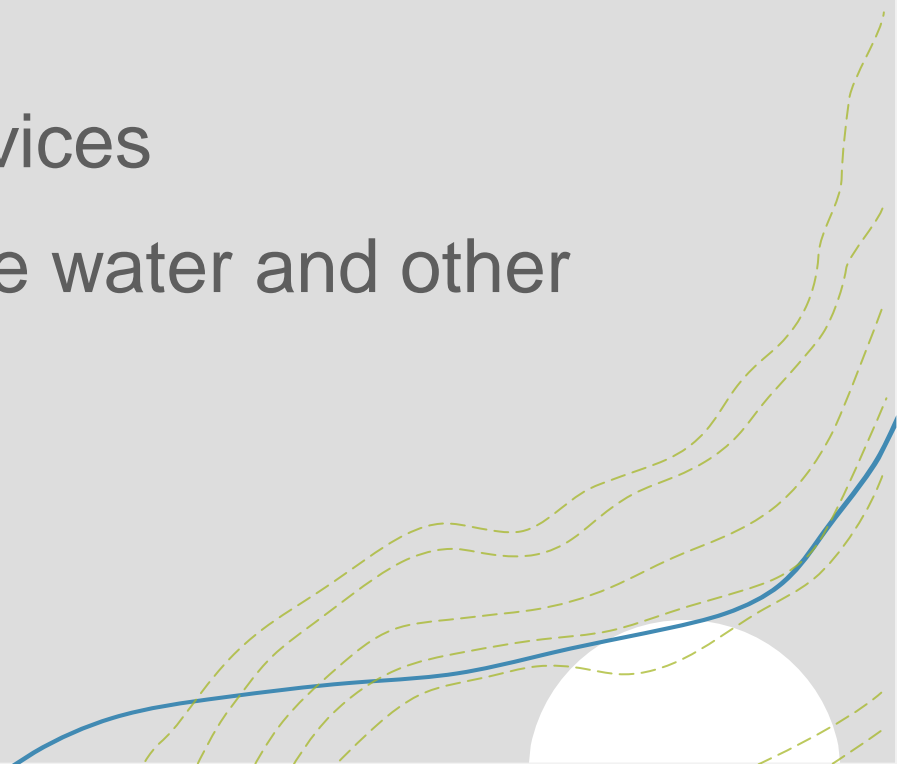
# Mendocino County

- +4 cities
- +49 special districts
- +Population of 87,000
- +3,800 square miles
- +Primary economy – agriculture and tourism





# Legislative Mission

- + Promote orderly growth
  - + Discourage urban sprawl
  - + Preserve agriculture and open space
  - + Encourage efficient, sustainable public services
  - + Consider regional housing needs, adequate water and other issues
- 

# Regulatory Functions

- + Administer changes of existing agencies and creation of new ones
- + Evaluate boundary changes based on various factors (CKH, local policies, etc.)
- + Terms and Conditions
  - + Broad authority in light of record (GC 56885.5 and 56886)
- + Monitor/control extension of public services
- + Prohibited from “directly” regulating land use

# Planning Functions

- + Prepare Municipal Service Reviews
- + Establish and update Spheres of Influence for cities and special districts
- + Work cooperatively on growth, agriculture and open space preservation, and service delivery issues (with all stakeholders)
- + Adopt local policies and procedures to further define LAFCo law

# 2017 Little Hoover Commission Recommendations

- + LAFCo's to be neutral, independent, and provide balanced representation
- + Strengthen LAFCo's powers to prevent urban sprawl and ensure orderly extensions of government services
- + Municipal Service Reviews (MSR) to inform Sphere of Influence (SOI) updates
- + Strengthen policies to protect agriculture and open space



# Commission

## + Composition

- + 2 county members – appointed by BOS

- + 2 city members – appointed by City Selection Committee

- + 2 special district members – elected by special districts

- + 1 public member – appointed by Commission

- + Alternate for each category

## + 4-year terms

# Independent Commission

- + Represent the public as a whole, broad perspective
- + Exercise independent judgement on behalf of the public, not appointing agency
- + Make decisions based on Cortese-Knox-Hertzberg (CKH) Act and local policies

# Independent Agency

- + Administrative authority as an independent public agency
- + Provides own office, equipment, personnel
- + Appoints an Executive Officer
- + Appoints a Legal Counsel
- + Can contract for staff services

# Annual Budget

- + Commission is sole authority over budget (GC 56381)
- + Budget process outlined in CKH
  - + Minimum funding level is defined
  - + Must adopt a budget by June 15
- + Most LAFCos include a Work Program
- + Operating Expenses
  - + Basic Services (EO staffing)
  - + Services and Supplies (operating expenses, Legal Counsel contract)
  - + Work Plan (MSRs and SOIs)



# Locally Funded

- + Net cost funded by county/city/special districts
  - + Equal 1/3 shares
- + County Auditor calculates charges and processes invoices
- + Local funding formulas are allowed
- + Processing fees offset expenses for proposals/applications
- + Adoption of a fee schedule recommended

# Commissioner/Staff Engagement

- + Seek out staff for information or questions before meetings
- + Use related professional background and experience to assist staff
- + Please make yourself available to staff – communication is a two-way street



# Planning Functions

Municipal Service Reviews and Sphere of Influence Updates



# Why is the MSR/SOI Conducted?

- + SOI required for all cities and special districts (GC 56425)
- + SOI is a planning tool indicating likely future agency boundary  
Probable 20-year growth boundary for physical development
- + Necessary first step for future boundary changes (GC 56375.5)
- + MSR required to update agency SOI (GC 56430)
- + All spheres required to be updated in 2008
- + Subsequent sphere reviews every five years, “as necessary”



# Municipal Service Review (MSR)

- + Provides inventory and analysis of agency services related to capacity, adequacy, solvency, accountability, and anticipated demand (now and in foreseeable future)
- + Based on existing information and trend analysis
- + Evaluates governance structure and operations and identifies possible areas for improvement and/or coordination
- + Provides information and analysis to support SOI study
- + Requires written determinations on seven mandated factors

# MSR Determinations

- + Growth and Population Projections
- + Disadvantaged Unincorporated Communities
- + Capacity of Facilities and Adequacy of Services
- + Financial Ability of Agency
- + Shared Services and Facilities
- + Accountability, Structure, and Operational Efficiencies
- + Other Service Delivery Matters

# Types of SOI Process

- + SOI Establishment = initial development of sphere
- + SOI Amendment = limited change to specific area (applicant)
- + SOI Update = comprehensive review of entire service area

# Sphere of Influence (SOI) Update

- + SOI Update study evaluates whether there is a need to change agency boundaries in the future
- + If so, then SOI is updated to indicate future change anticipated
- + Requires written determinations on five mandated factors (largely redundant of MSR determinations)
- + SOI boundary changes are subject to CEQA because it is considered a precursor to potential future development



# Types of SOIs

- + Expanded Sphere = anticipates growth
- + Coterminous Sphere = anticipates no change
- + Reduced Sphere = anticipates smaller service area
- + Zero Sphere = anticipates agency will ultimately be dissolved
- + Service-Specific Sphere = areas needing limited agency services
- + Area of Interest = areas identified for enhanced coordination

# Big Picture

MSR



SOI



Applications

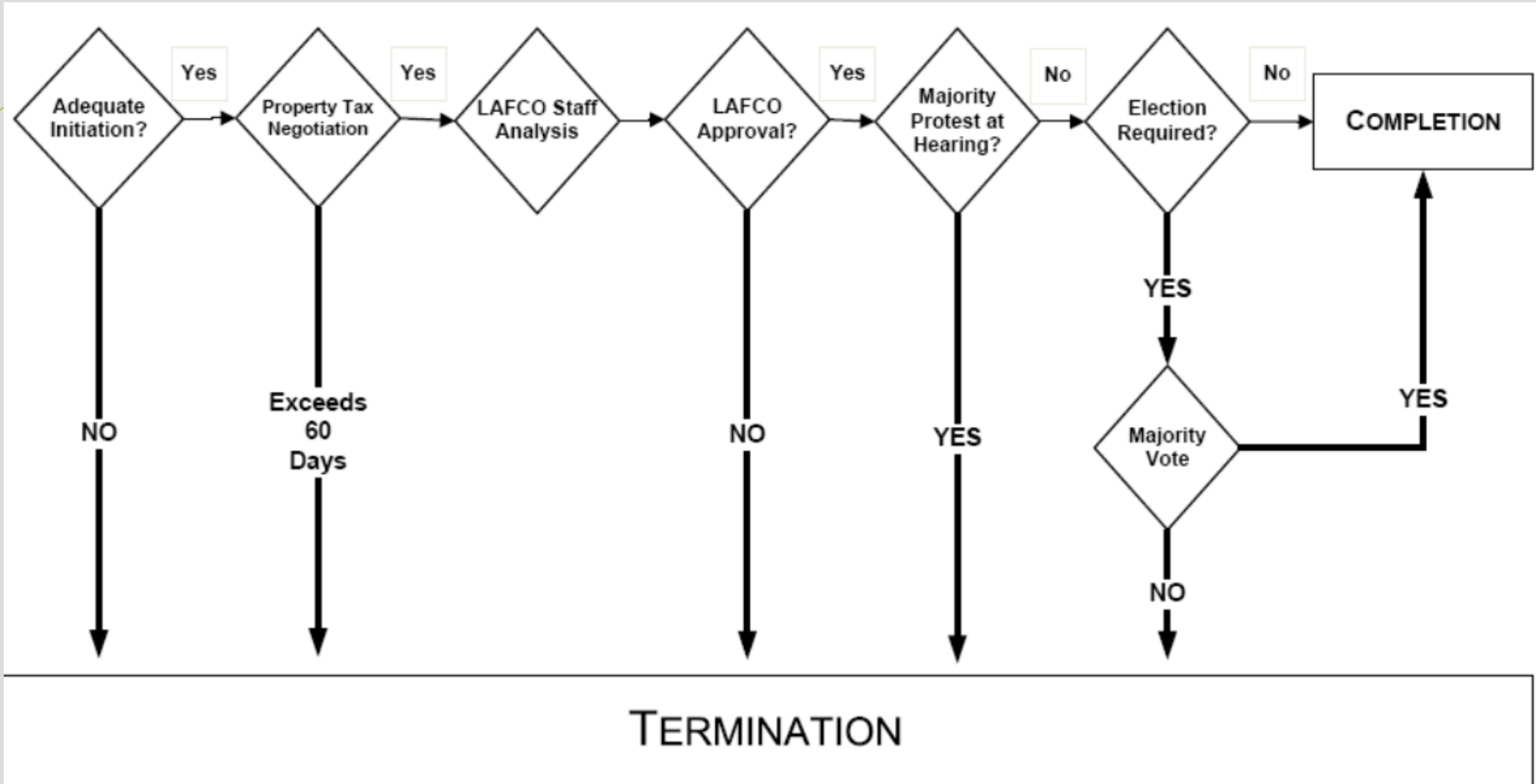


Revisit periodically or as needed

# Types of Application Proposals

- + City incorporation and disincorporation
- + District formation and dissolution
- + Annexations (add area)
- + Detachments (remove area)
- + Consolidations (districts), Mergers (city-district), Subsidiary District
- + Service extensions outside a city or district boundary
- + Activate latent powers or divest powers (add or remove services)
- + Review fire contracts

# Simplified LAFCo Process





# LAFCo Balancing Act

- + Commission decisions are a balancing act between:
- + statutory obligations & complex objectives
- and
- + local conditions & competing agency interests





# LAFCo's Legal Role

# LAFCos' Legal Role

- + While powers are broad, LAFCo jurisdiction limited to actions and powers granted by statute
- + Legislature gives LAFCos authority over boundary decisions and other government organization issues
- + State law gives LAFCo broad discretion to apply the law in light of local circumstances

# Subject to State Laws

- + Cortese Knox Hertzberg (CKH) Local Government Act of 2000
- + Brown Act / Public Records Act
- + CEQA
- + Revenue & Taxation Code (R&T)
- + Political Reform Act / Other Conflict of Interest Laws
- + Levine Act
- + Principal Acts

# Key Legal Concerns

- + Must act in accordance with state law and locally adopted policies
- + Comply with CEQA as lead or responsible agency
- + Must adopt determinations to support decision (McBail)
- + Terms and Conditions

# Legal Challenge

- + LAFCo decisions are quasi-legislative
- + Commission decisions are final
- + Not appealable except to courts
- + Limited legal challenge to decisions
- + Upheld as long as decision is not “arbitrary and capricious”

# LAFCo Myths and Legends

LAFCo has a magic wand that instantly solves boundary and service issues

Proceedings do not require deliberate review and analysis that require agency and public collaboration and/or support

LAFCo is arm of county, not the state

LAFCo's sole mission is to dissolve agencies, particularly special districts

LAFCo's role is always "reactive" and not "proactive"

Consult LAFCo at the last minute



# CALAFCO

- + State Association of LAFCOs
- + Professional education (Annual Conference, Staff Workshop, CALAFCO University)
- + Technical resources (research reports/white papers, contact directory, library, list serves, *The Sphere* Article, etc.)
- + Statewide coordination
- + Resource to Legislature and other organizations

