

EL DORADO LAFCO

LOCAL AGENCY FORMATION COMMISSION

AGENDA OF JULY 1, 2021

SPECIAL MEETING

TO: Tim Palmer, Chair, and
Members of the El Dorado County Local Agency Formation
Commission

FROM: José C. Henríquez, Executive Officer

**AGENDA ITEM #7: PROVIDE STAFF WITH ANY ADDITIONAL GUIDANCE ON
FACTORS TO BE USED TO DEVELOP THE NEXT MSR
PROJECT PLAN**

RECOMMENDATION

Staff recommends that the Commission receive the information regarding the previous MSR Project Plans and provide staff with any additional guidance or factors to consider when drafting the Fourth MSR Project Plan.

REASON FOR RECOMMENDED ACTION

The Commission should approve of a new MSR project plan governing what and how the MSRs will be conducted in the next cycle.

BACKGROUND

LAFCOs have been tasked with periodically reviewing the agencies under its jurisdiction and updating their spheres of influence (SOIs) accordingly. Attachment A contains the factors that went into the development of the second and third municipal service review (MSR) Project Plans. In summary, the model group all agencies subject to an MSR/SOI study into three categories: "Always," "Assessment-Only," and "By Score" agencies. The "Always" category include the eight largest and most active agencies that will always be included into the project plan. The "Assessment-Only" agencies are agencies that levy assessments to fund services provided by other agencies. The Commission may choose not to study these three agencies because do not provide services directly and have no dedicated staff. All other agencies are subject to a score rating, ranked on a two-factor model that scores the agency based on whether 1) issues were found in the previous MSR conducted on that agency and 2) on the agency's activity level.

Factors to Consider in Developing a New Plan

Given that MSRs grow more complex and must compete with other duties, LAFCO staff thought that the Commission may have other factors to consider when developing the new MSR project plan. Staff has listed the following factors for the Commission to consider. The Commission can adopt or dismiss these as appropriate and/or may add other factors to use.

- *Definition of municipal services* – Since the creation of the last project plan, the Legislature has added other requirements to an MSR/SOI study, the biggest of which relate to the provision of municipal services to disadvantaged communities (defined as an inhabited area whose average median household income is less than 80% of the statewide average medium household income). The definition of municipal is limited to fire suppression, law enforcement, water, and wastewater services.
- *Carving out services that are not necessary to study* – Since the beginning, some LAFCOs have chosen not to study certain services, determining that these services are not “municipal.” The classic example is cemetery services: some LAFCOs do not study cemetery districts. But others can be added to this list, such as recreation districts or resource conservation districts. While these agencies provide necessary services, they are usually not the types of services people consider “municipal.”
- *Adopting a more refined definition of “issues”* – As noted above, the “By Score” agencies are subject to a two-factor model. One factor is the agency’s activity level, the other factor is whether the previous MSR found any issues. Almost all road maintenance agencies have the issue of insufficient revenues. Operationally and governmentally, they may be performing as well as they could be given their circumstances, but they scored high in this factor because of the revenue piece alone. The Commission could further refine “issues” to be criminal investigations; the agency, its staff or governing board being the subject to grand jury investigations; or qualified audits.
- *Separating SOIs from periodic MSRs* – Some LAFCOs have separated their MSRs from their SOIs. The requirement for updating SOIs is every five years. There is no such requirement for the preparation of MSRs, only that MSRs are required prior to the “update” of an MSR. Only a few SOIs have been adjusted since 2008; most are reaffirmed. This proposal would entail the preparation of periodic MSRs on a set schedule without the SOIs unless the latter needs adjusting. The SOIs for all other agencies are affirmed every five years.

The Commission may add any other considerations or factors to these, should the Commission find any of these suitable for adoption. Staff will take the Commission’s input and use them to develop the next MSR Project Plan.

Attachments

Attachment A: Staff Memo and Attachments from February 27, 2013