



CALAFCO provided a comment letter to California Forward on March 30 (see Attachment 1). Some of the same concerns are noted by the California Special Districts Association (see Attachment 3). To date, the concerns have not been addressed.

### **Next Steps**

California Forward is hosting roundtable meetings around the State to discuss their proposals. Chair Champion and Vice Chair DiMaggio have authorized me to attend a California Forward meeting on May 19 in San Jose. I will represent the interests of our Commission and CALAFCO, and report back to the full Commission on May 23.

Respectfully Submitted,



Kate McKenna, AICP  
Executive Office

cc: Special Districts Association of Monterey County

### **Attachments:**

1. Letter from William Chiat, CALAFCO Executive Director, to Sunne Wright McPeak, California Forward Leadership Council Member, March 30, 2011.
2. California Forward, "Smart Government: A Conceptual Framework," pages 33 and 34 including Principles and Draft Proposals 4 and 5, May 10, 2011.
3. California Special Districts Association, "Summary of California Forward Framework (5/10/11)"

# ATTACHMENT 1

CALIFORNIA  
ASSOCIATION OF  
LOCAL AGENCY  
FORMATION  
COMMISSIONS



2011

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30 March 2012

Ms. Sunne Wright McPeak  
California Forward Leadership Council Member  
1107 9th Street, Suite 650  
Sacramento, CA 95814

Dear Sunne:

Thank you for the opportunity to serve on the Stakeholder Roundtable. Today I received the agenda for the Thursday/Friday meeting along with the revised framework. Having not been consulted regarding the original or revised recommendations for Principal 5, I wanted to correct some inaccurate information and offer a suggestion or two prior to the meeting tomorrow.

The framework states that LAFCos are staffed by city and county representatives. This is inaccurate. LAFCo staff are independent of any local agencies and specifically report to their commission. The independence of staff was a key component in the major revision of LAFCo law (Cortese-Knox-Hertzberg Local Government Reorganization Act of 2000). Commissioners are locally appointed and consist of elected officials from city councils, board of supervisors and, in many cases, special district boards. There is also a public member on every commission. In some instances it may be accurate to say that the commission could have a built-in political constraint since they are making decisions which might affect their jurisdiction.

We urge California Forward staff to look at the Municipal Service Reviews prepared by LAFCos for cities, special districts subject to LAFCo review, and county municipal services. You will find they already include substantial information, such as inventories of local agencies, sphere and service boundaries (LAFCos may actually have the most accurate maps), role of agencies in service deliveries and opportunities for efficiencies or reorganizations. Granted the level of detail varies from LAFCo to LAFCo – often depending on the financial resources available – however the foundation of information called for in Draft Proposal 5A exists in many parts of the state. LAFCos are limited in that they do not have oversight of school districts, college districts, transportation agencies, joint power authorities, or private service providers (such as investor-owned utilities or mutual water companies).

We continue to be concerned with the focus on Regional Councils of Governments. While recognizing the important role many regional councils play, they are not organized under any state law, membership consists only of the county and cities, and they are generally transportation-focused. LAFCos have been conducting service reviews for over a decade. It seems that the emphasis on Draft Proposal 5A should be on enhancement and better use of the existing service review resource rather than establishing a new process with Regional Councils to conduct this work.

With respect to Draft Proposal 5B, perhaps California Forward is not aware of the extensive amount of work that went into the deliberations and recommendations from

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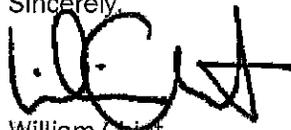
[www.calafco.org](http://www.calafco.org)

the Commission on Local Governance for the 21<sup>st</sup> Century. The Commission released a report – very similar to the cited New York report – entitled *Growth Within Bounds: Planning California Governance for the 21<sup>st</sup> Century*. This resulted in the substantial rewrite of Cortese-Knox-Hertzberg Local Government Reorganization Act of 2000. Before recommending the creation of yet another commission and report, it may be of greater value to revisit the findings in *Growth Within Bounds* and evaluate the recommendations and outcomes in terms of the goals of California Forward and today's circumstances. It may also be of value to review the earlier commission and report from 1960 which ultimately resulted in the creation of LAFCos: *Meeting Metropolitan Problems: Report of the Governor's Commission on Metropolitan Area Problems* (Governor Edmund Brown).

Finally, earlier this month voters approved the 482<sup>nd</sup> city in California, Jurupa Valley in Riverside County.

We hope you find these comments of value. Thanks again for the opportunity to participate.

Sincerely,

A handwritten signature in black ink, appearing to read 'W. Chiat', with a stylized flourish extending to the right.

William Chiat  
Executive Director

**PRINCIPLE 4**

The new structure needs to provide regulatory, fiscal and other incentives to encourage cooperation among local governments in partnership with the private sector to efficiently and effectively meet regional needs. This strategic alliance should align public efforts with regional economic activity and match the scale of effort to the magnitude of regional challenges.

**DRAFT PROPOSAL 4 – FOSTER REGIONAL COLLABORATION**

The state's current regional system of voluntary Councils of Governments is institutionally inadequate to the task of fostering regional collaboration, because it only includes cities and counties. To encourage cooperation among local governments to efficiently and effectively meet regional challenges that cross city and county lines, regions should be authorized to extend their Joint Powers Authority to create more representative intergovernmental councils. These Regional Councils of Government – or, in areas where it is appropriate, other existing collaborative planning entities – should include all of the governmental entities in a region involved in achieving the Big Five Outcomes. This includes cities, counties, schools, community colleges, and special districts.

These councils should be designed locally under a uniform statewide set of statutory authorities that would give them the power to provide regulatory, fiscal, and other incentives to encourage cooperation among local government entities to meet regional needs. This should include a particular focus on developing a robust pipeline between the educational system and the workforce needs of the regional economy. Regional Councils of Government should also develop an annual reporting process to review city, county, school, community college, and special district strategies for achieving the Big Five Outcomes, and to encourage progress toward achievement of Indicators of Success.

This new statutory authority should include protections that give regions long-term flexibility throughout the period of implementation.

**PRINCIPLE 5**

Government should be organized in a way that most cost-effectively improves results. Local agencies need the incentives and the analysis to make organizational or functional consolidations to reduce costs and improve service.

**NOTE:** *The draft proposals below outline two potential – but quite different – approaches to consolidation. A local commission (the Local Agency Formation Commission, or LAFCo) tasked with examining the efficiency and effectiveness of local agencies already exists in each county. Rec. 5A proposes several ways these commissions might be refocused on consolidation. LAFCOs do have some built-in political constraints, however, since LAFCo commissioners also represent cities and counties.*

*Rec. 5B examines another option, which would involve creating an independent commission to conduct these analyses statewide.*

#### **DRAFT PROPOSAL 5A – ENCOURAGE INTEGRATION AND CONSOLIDATION**

LAFcos in each region – which are currently tasked with “encouraging the orderly formation and development of local agencies based upon local conditions and circumstances,” along with contributing “to the logical and reasonable development of local agencies in each county... [in an] efficient and accountable manner” – should establish a process with their Regional Councils of Government to present standardized data on the quantity, cost, and effectiveness of local governments in the region.

- This should take advantage of existing LAFco municipal service reviews, comprehensive studies designed to better inform regional bodies, local agencies, and the community about the provision of municipal services.
- LAFco reviews also should include regional analyses of the number of jurisdictions in each region, their boundaries, the role of each agency in the jurisdiction, these agencies' goals and results, and identify any opportunities for consolidation.

#### **DRAFT PROPOSAL 5B – ENCOURAGE INTEGRATION AND CONSOLIDATION**

The governor and Legislature should jointly create a commission similar to the California Redistricting Commission or New York's State Commission on Local Government, consisting of experts and local government stakeholders who would conduct a comprehensive review of California's local government structure. This commission would hold public hearings and issue a report on the following:

- The number and types of local government jurisdictions, the basis for their creation, and the opportunities to restructure or consolidate.
- Opportunities to regionalize local government functions and services.
- The effectiveness of existing state laws and programs designed to assist local government efficiency, consolidation, and partnerships.

## ATTACHMENT 3



**California Special  
Districts Association**  
*Districts Stronger Together*

### Summary of California Forward Framework (5/10/11)

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California Forward's framework, "Smart Government: Making California Work Again" is predicated on principles developed by the organization's Local Government Task Force, a group of current and former city and county officials. However, as outlined below, the framework proposes substantial impacts to the core services provided by special districts. The *CSDA NOTES* are added for clarification purposes and do not necessarily reflect the position of CSDA nor the intent of California Forward.

#### **Draft Proposal 1: Statewide Performance Outcomes**

- The state would prioritize outcomes including, increased employment, improved education, decreased poverty, decreased crime, and improved health (p.6).
- Special districts and other local governments would be required to develop a five-year strategy for achieving indicators of success for these outcomes in consultation with the state, and would present them to a regional Council of Governments (COG) (p.6).
  - *CSDA NOTE: As currently comprised, COGs rarely include representation of special districts; they consist of city and county representatives and mostly focus on transportation funding. This note applies to proposals 4 and 5 as well.*
- Progress made by special districts and other local governments toward achieving the "indicators" would be reviewed annually during the state budget process and quarterly at the state departmental level (p.7).

#### **Draft Proposal 2: Revenue Realignment**

- Would restructure the state's fiscal system by establishing a statutory and constitutional legal construct that changes the program authority, tax structure, and revenue authority for special districts and other local governments (p.8).
- Special districts and other local governments would be required to regularly publish agency report-cards detailing their funding allocation, how it was spent, and program outcomes.
  - *CSDA NOTE: The framework does not specify the extent to which this function is already accomplished for special districts and cities through municipal service reviews conducted by local agency formation commissions.*
- The sales tax would be broadened with a portion of the revenue transferred to counties for countywide services and education (p.9).
- Special districts and other local governments would be given the authority to enter into "revenue-sharing agreements" in an effort to clarify the links between service responsibility and resources; the state would use a portion of state appropriations to encourage these service integration efforts (p.10).
  - *CSDA NOTE: The framework does not specify that these agreements would require the approval of each participating local agency.*
- A portion of the annual growth in property tax revenues (a property tax increment) could be given to counties to use to encourage collaboration (p.11).
  - *CSDA NOTE: Presumably, this fund would be similar to the redevelopment property tax increment authority currently under review by the Governor and Legislature. Would those agencies delivering core local services spend local property tax dollars more efficiently and with more accountability than creating a new pot for special projects, allocated by a different layer of government?*
- A region-wide sales tax, a portion of the vehicle license fee, and a portion of the growth on state business taxes could be provided to local governments as a fiscal incentive to address regional infrastructure, environmental, and workforce issues (p.11).

- *CSDA NOTE: The framework does not specify who would control and allocate these revenues, nor whether special districts, which often operate in a regional manner and are able to cross the political boundaries of cities and counties, would be eligible for the funding.*

**Draft Proposal 3: The State Role in Local Government**

- The state would establish outcomes for state programs, incentivize collaboration among local programs, provide encouragement, serve as a convener of peer-to-peer technical assistance, quantify savings to the state, streamline regulations, act as an advocate on behalf of local governments before Congress, and focus the state budget on improved performance (p.13).
- Cities, counties, and schools would be allowed to retain local savings as a result of these efforts (p.13).
  - *CSDA NOTE: While many of the reporting and collaborating requirements appear to apply to special districts, the framework excludes special districts from retaining the savings that may result from these efforts. It is not clear if special districts should be excluded from the requirements or included in the retention of savings.*

**Draft Proposal 4: Regional Collaboration**

- Regions would be authorized to expand COGs to include all of the governmental entities in a region involved in achieving the “Big Five” outcomes, including special districts (p.15).
  - *CSDA NOTE: COGs are already authorized to include special districts and other local agencies, yet most choose not to. The framework does not specify if COGs would be required to include all interested local agencies as full and equal members.*
- COGs would be designed locally under a uniform statewide set of statutory authorities that would give them the power to provide regulatory, fiscal, and other incentives to encourage cooperation among local government entities to meet regional needs (p.15).
- Special districts and other local governments would be required to report to COGs, which would review their strategies for achieving statewide outcomes and incentivize their progress (p.15).
  - *CSDA NOTE: The framework does not specify the extent to which this function is already accomplished for special districts and cities through municipal service reviews conducted by local agency formation commissions.*
- COGs would encourage special districts and other local governments to connect with the educational system and workforce needs of the regional economy (p.15).

**Draft Proposal 5: Encouraging Consolidation and Integration**

- Would establish a process between Local Agency Formation Commissions (LAFCOs) and COGs to present standardized data on the quantity, cost, and effectiveness of local governments in the region (p.17).
  - *CSDA NOTE: As currently comprised, do COGs have the staff, representation, or expertise, as LAFCOs do, to effectively, accurately, and fairly perform these tasks?*
- LAFCO reviews would include regional analyses of the number of jurisdictions in each region, their boundaries, the role of each agency in the jurisdiction, these agencies’ goals and results, and identify any opportunities for consolidation (p.17).
  - *CSDA NOTE: LAFCOs currently perform many of these functions.*
- Would create a new statewide commission on consolidation to review California’s local government structure and identify opportunities to consolidate local agencies, regionalize services and amend state laws concerning these policies.
  - *CSDA NOTE: The State Legislature has appropriately established LAFCOs, rather than COGs or a statewide commission, as the proper body for reviewing local services. To what extent does this proposal respect local control and local preferences and approaches?*