

CALAFCO



Supporting our member LAFCoS in fulfilling their statutory mission

Prepared for Trinity LAFCo

June 16, 2020



CALAFCO Mission

CALAFCO provides educational, information sharing and technical support for its members by serving as a resource for, and by collaborating with, the public, the legislative and executive branches of state government, and other organizations, for the purpose of discouraging urban sprawl, preserving open-space and prime agricultural lands, and encouraging orderly growth and development of local agencies.



CALAFCO Mission

Long way of saying we support our member LAFCOs as you fulfill your regulatory, planning and resource roles:

- ✓ Administer modification of existing agencies and create new ones
- ✓ Evaluate boundary changes based on various factors
- ✓ Monitor/control extension of public services
- ✓ Develop and update Spheres of Influence for cities and districts
- ✓ Prepare Municipal Service Reviews for all local jurisdictions
- ✓ Work cooperatively on growth, preservation, and service delivery issues
- ✓ 50+ years of records on formations & boundary changes
- ✓ Shared services and inter-agency agreement models, governance options, etc.



Why were LAFCos Created?



- ❖ Post-WWII population and housing boom in California led to increased demand for government services
- ❖ Rapid growth and scramble to finance and extend services
- ❖ Freeway suburbs, city annexation “wars” and hasty conversion of farmland
- ❖ Poor planned cities and proliferation of limited purpose special districts, with expensive and redundant delivery of services





LAFCo's Legislative Purpose:

- ❖ Discourage urban sprawl
- ❖ Preserve agriculture and open space
- ❖ Promote efficient public services
- ❖ Consider regional housing needs, adequate water and other issues
- ❖ Tool: Encourage orderly boundaries



Legislative Solution in 1963 – State Law, Local Flexibility

- ❖ No state commission or statewide agency
- ❖ Local control – no state appointees or funding
- ❖ A Local Agency Formation Commission in every county
- ❖ Each LAFCo independent
- ❖ Local flexibility – local policies
- ❖ 6 major revisions to State law over 52 years
- ❖ Unique to California





Legislative History

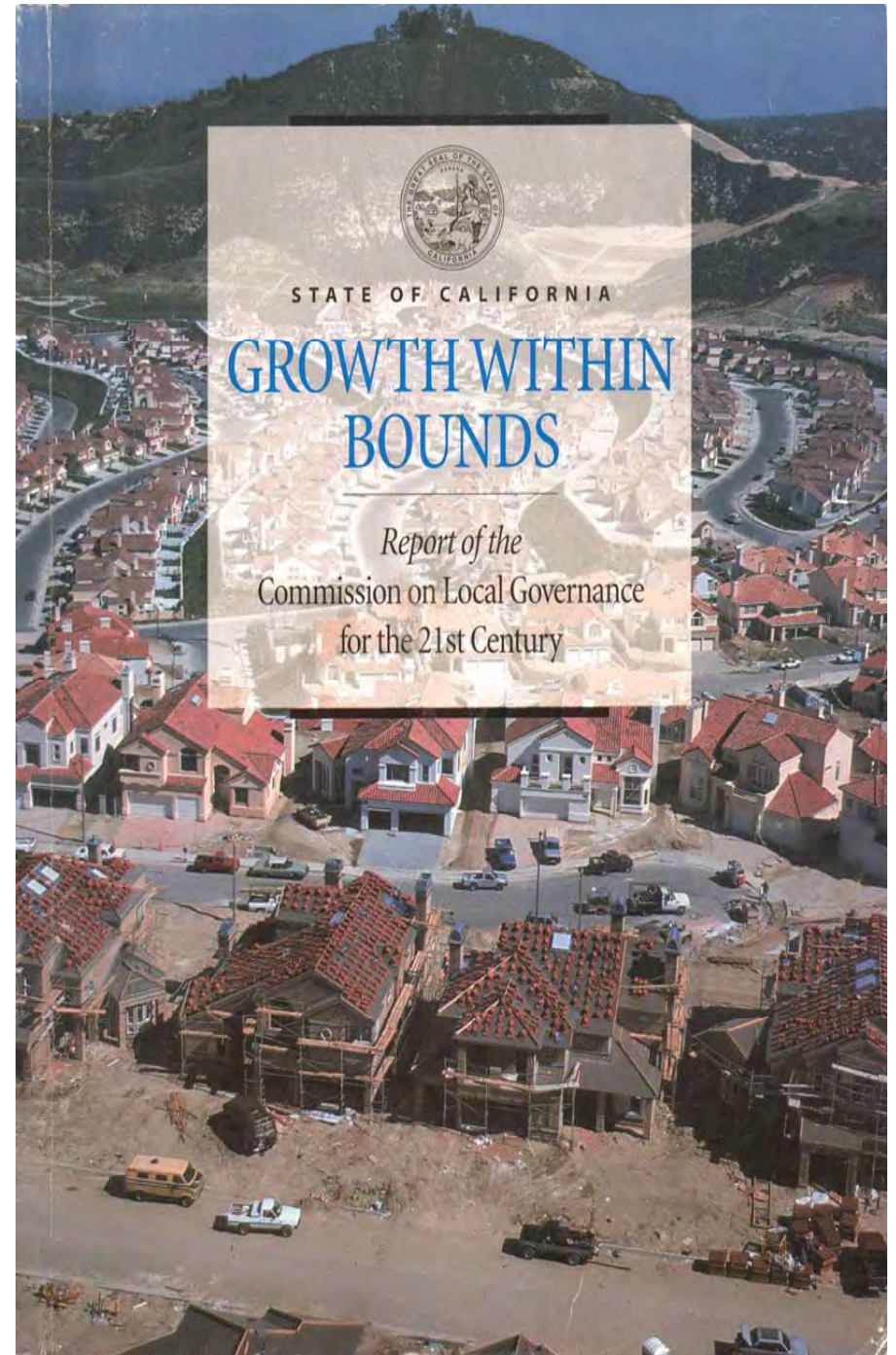
- 1963 - Knox-Nesbitt Act – LAFCos created to regulate boundaries
- 1971- LAFCo to create growth boundaries for cities and districts called spheres of influence. This was a huge shift of responsibility beyond merely reacting to individual boundary changes.
- 1972 - Allow special district members
- 1985 - Cortese-Knox Local Government Reorganization Act



2000 Brings Change!

Recommendations:

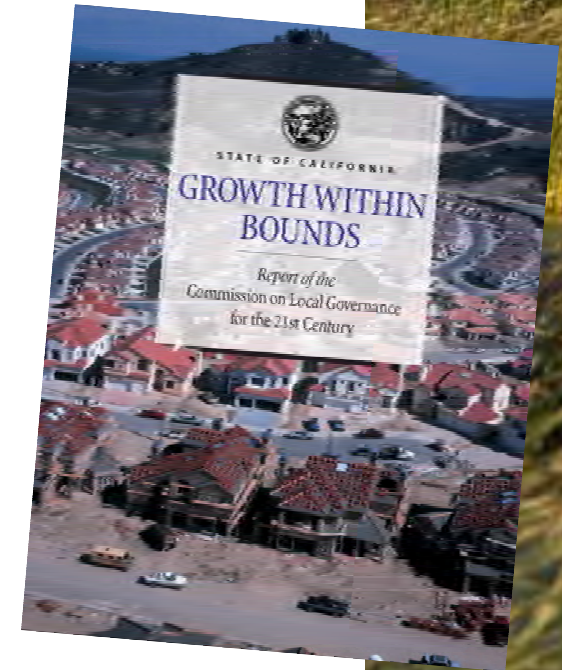
- ❖ LAFCos to be neutral, independent, and provide well balanced representation.
- ❖ Strengthen LAFCo's powers to prevent urban sprawl and ensure orderly extensions of governmental services.
- ❖ Municipal Service Reviews to inform SOI Updates.
- ❖ Strengthen policies to protect agricultural and open space.



Cortese-Knox-Hertzberg Local Government Reorganization Act of 2000 (§56000)

Significantly strengthened LAFCo's powers and abilities, and affirmed LAFCo's role

- ◆ Requires LAFCo independence and neutrality
- ◆ Process for special districts to be seated for well-balanced representation
- ◆ Requires equal share funding by county, cities and (member) districts
- ◆ Requires Municipal Service Reviews
- ◆ Requires Sphere of Influence updates every 5 years, as necessary





LAFCo is Independent

- ❖ Adopts local policies
- ❖ Commission makes final decisions; only appeal is through the courts
- ❖ Appoints an Executive Officer, Clerk and Legal Counsel
- ❖ Can contract for staff services
- ❖ Has administrative authority as an independent public agency



Legal Framework – Subject to State Laws



- ❖ Cortese-Knox-Hertzberg Act
 - ◆ Each LAFCo may adopt local policies and procedures to supplement the Act
- ❖ Brown Act / Public Records Act
- ❖ CEQA
- ❖ Revenue & Tax Code
- ❖ Political Reform Act / Other Conflict of Interest Laws
- ❖ Principal Acts



What decisions do you make?

- ❖ City Incorporation and Disincorporation
- ❖ District Formations and Dissolutions
- ❖ Annexations
- ❖ Detachments
- ❖ Consolidations, Mergers, Subsidiary District
- ❖ Service Extensions outside a District or City
- ❖ Spheres of Influence
- ❖ Municipal Service Reviews
- ❖ Activate Latent Powers
- ❖ Review Fire Contracts





Local Agencies Regulated by LAFCo

❖ Include:

- ◆ Counties, cities, most special districts

❖ Do NOT include:

- ◆ 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 pollution/quality districts



As a **REGULATORY** Agency...

- ❖ Forms new cities and districts
- ❖ Changes boundaries of existing agencies – annexations, consolidations, dissolutions
- ❖ Activates (and divests) latent powers of local agencies
- ❖ Controls extension of public services outside cities/districts
- ❖ Is prohibited from directly regulating land use, but must adopt policies that encourage orderly and logical development of land inside a Sphere of Influence



As a **PLANNING** Agency...

- ❖ Prepares and updates Spheres of Influence for cities and districts
- ❖ Prepares Municipal Service Reviews for all municipal service providers
- ❖ Works cooperatively with public and private agencies and interests on growth, land preservation and service delivery
- ❖ Participates in local and regional planning processes



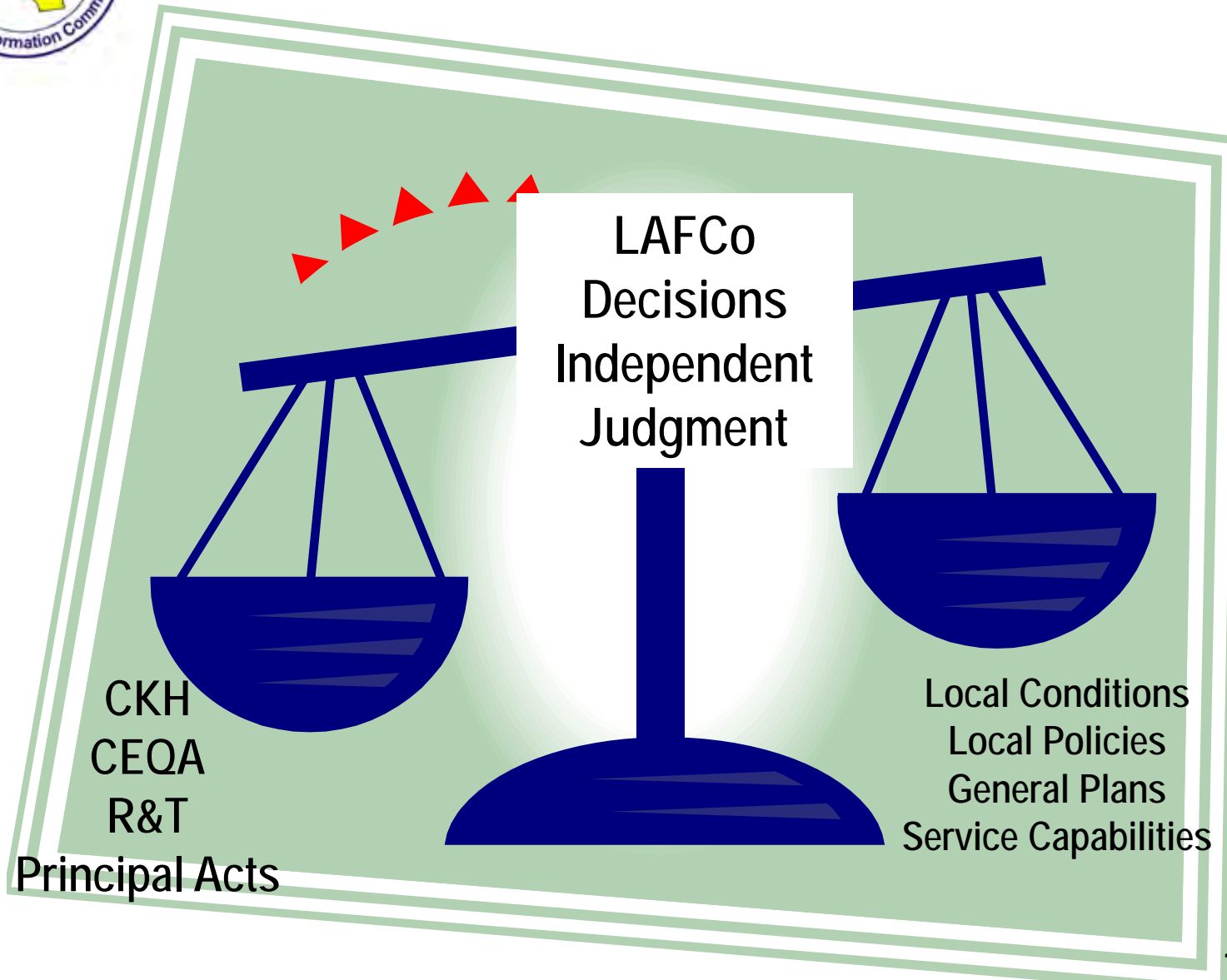
As a **RESOURCE...**

- ❖ Shared service models, studies and exchanges; information about other local service delivery options
- ❖ Model inter-agency agreements
- ❖ Models for tax sharing, revenue generation, governance options, social justice, etc.
- ❖ Training and educational resources for compliance with State laws and best practices
- ❖ Historical, current and trending info – 50+ year record of formations and boundary changes
- ❖ SOI studies since early '70s; MSRs since early 2000s; GIS data layers and maps





LAFCo Balancing Act





Commissioners are Independent, too

- ❖ Exercise independent judgment on behalf of public, not appointing agency
- ❖ Based on CKH and local LAFCo policies - not interests of appointing agency alone
- ❖ “LAFCo Hat” involves a broader perspective representing “public as a whole”





Commissioners

- ❖ Commissioners make final decisions
- ❖ Decisions cannot be appealed to other administrative bodies
- ❖ LAFCo staff accountable to Commission and statutes
- ❖ Adopt local policies and procedures





Each Commission is Independent

- ❖ Provides own office, equipment, personnel
- ❖ Appoints an Executive Officer
- ❖ Appoints a Legal Counsel
- ❖ Can contract for staff services





LAFCo is Funded Locally

- ❖ Must adopt a final budget by June 15
- ❖ Many LAFCOs also approve a work plan
- ❖ Budget process is outlined in CKH Act
- ❖ Minimum funding level is defined
- ❖ Net cost funded by the county, cities, and special districts *(usually in equal shares)*
- ❖ County Auditor calculates charges and processes the invoices





LAFCo is Funded Locally (cont'd)

- ❖ Local funding formulas are allowed
- ❖ Processing fees help to offset expenses for proposals
- ❖ Adoption of fee schedule recommended



LAFCo Composition



At the least:

- ❖ 2 County Supervisors (plus alternate)
- ❖ 2 City Members (plus alternate)
- ❖ 1 Public Member (plus alternate)

31 LAFCos also include:

- ❖ 2 Special District members (plus alternate)

Some LAFCos have “special seats”

Counties with no cities





LAFCos' Legal Role

- ❖ While powers are broad, LAFCo jurisdiction is limited to actions and powers granted by statute
- ❖ Legislature has given LAFCos authority over boundary decisions and other government organization issues
- ❖ LAFCo is the Legislature's "watchdog" for local governments – one job is to monitor local government actions





Subject to State Laws

- ❖ Cortese-Knox-Hertzberg Act
- ❖ Brown Act / Public Records Act
- ❖ CEQA
- ❖ Revenue & Taxation Code
- ❖ Political Reform Act / Other Conflict of Interest Laws
- ❖ Levine Act
- ❖ Principal Acts





Limited Legal Challenge

- ❖ LAFCo decisions are quasi-legislative
- ❖ Not appealable except to the courts
- ❖ Short time to file suit
- ❖ 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. **Nope!**
- ❖ LAFCo proceedings do not require deliberate review and analysis that require agency and public collaboration and/or support. **Nope!**
- ❖ LAFCo is an arm of the county, not the state. **Nope!**
- ❖ LAFCo’s sole mission is to dissolve agencies, particularly special districts. **Nope!**
- ❖ LAFCo’s role is always “reactive” and not “proactive.” **Nope!**
- ❖ Consult LAFCo at the last minute **Nope!**



What is CALAFCO?

- ❖ Nonprofit Corporation in the State of California registered with the Secretary of State
- ❖ State Charity registered with the Attorney General Registry of Charitable Trusts
- ❖ Private Foundation exempt from Federal income tax under section 501 (c)(3)
- ❖ Not subject to public agency laws



CALAFCO Formation

- ❖ Founded 1971
- ❖ Staff volunteers from member LAFCOs
- ❖ First paid Executive Director in 1998 – 4 in total since then
- ❖ Counsel Clark Alsop CALAFCO Legal Counsel since 1982
- ❖ First CALAFCO office in 2005



CALAFCO Membership

- ❖ All 58 statewide LAFCos are members
- ❖ 3 Gold Associate Members
- ❖ 25 Silver Associate Members

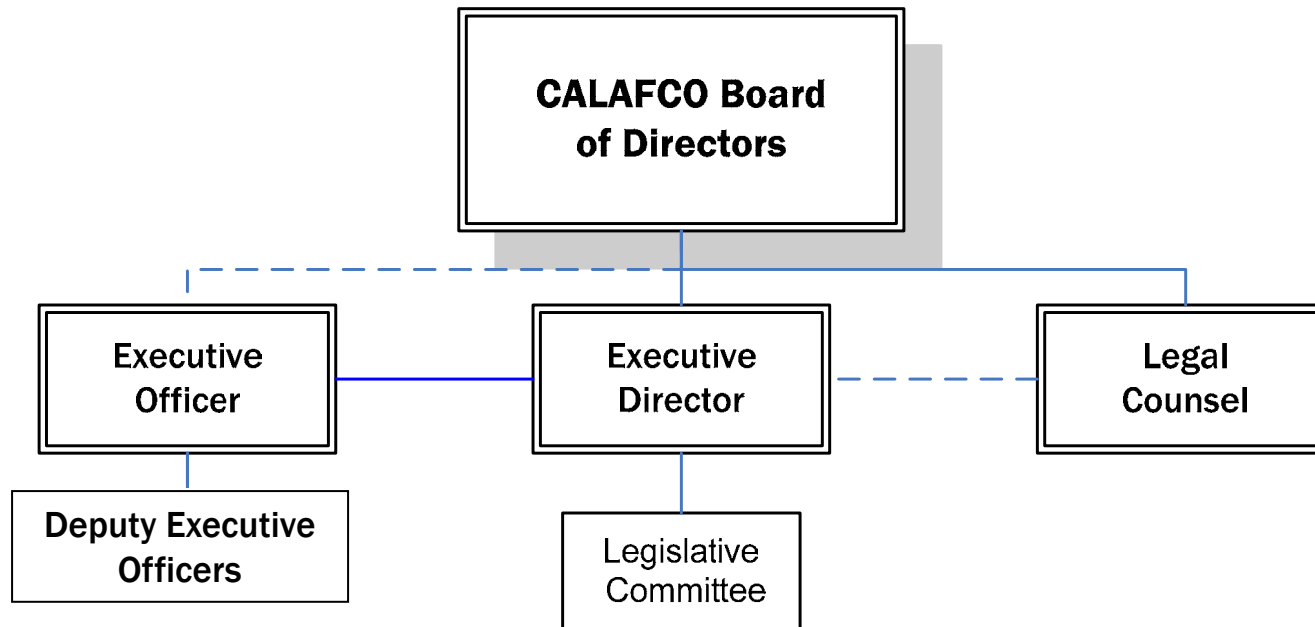


CALAFCO Regions

FOUR REGIONS



CALAFCO Organization



CALAFCO Board of Directors

- ❖ 16 Member Board elected annually by the membership (8 each year)
- ❖ 4 from each region
 - ◆ Northern, Central, Southern, Coastal
- ❖ Diverse representation among County-City-Special District-Public members (4 of each)



CALAFCO Staff

- ❖ No employees
- ❖ Four contractors*
 - ◆ Executive Director (32 hrs/week)
 - ◆ Executive Assistant (10-15 hrs/week)
 - ◆ Legal Counsel (hourly as needed)
 - ◆ Certified Public Accountant (15 hrs/qtr)
- ❖ Volunteer staff
 - ◆ Regions, Committees, Special Projects

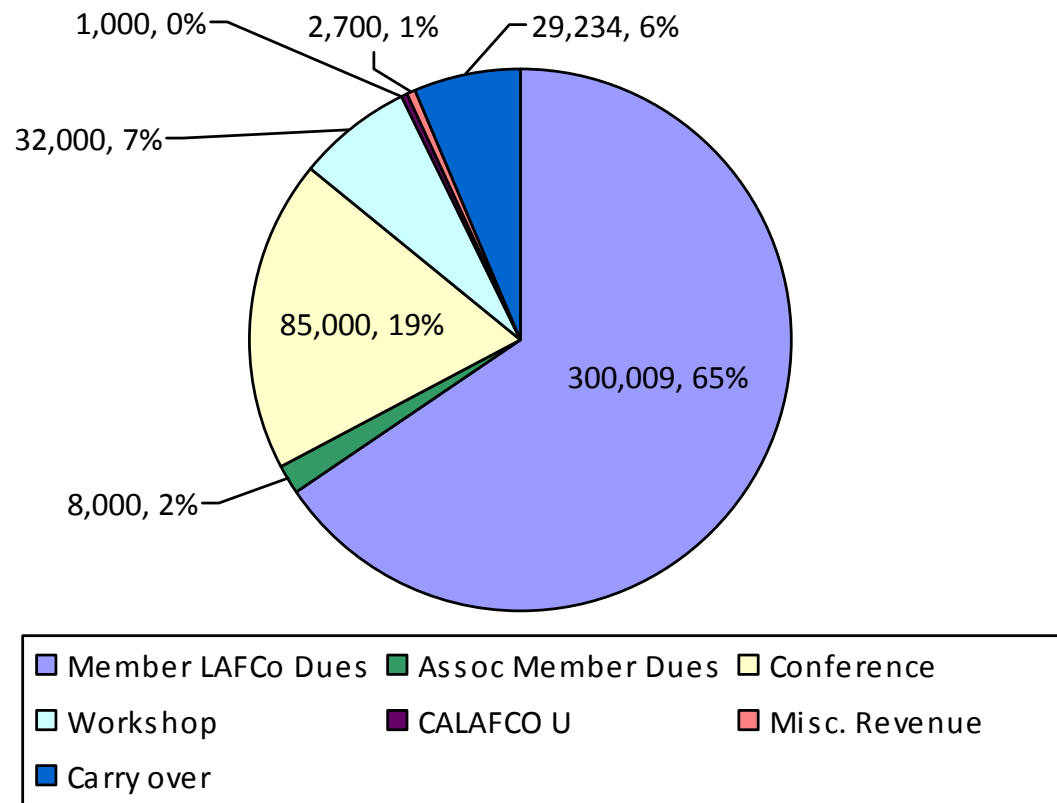
* ED & Admin to become employees effective 9/1/20 to comply with AB 5



Revenue FY 2020/2021

Revised Budget to be presented at July meeting

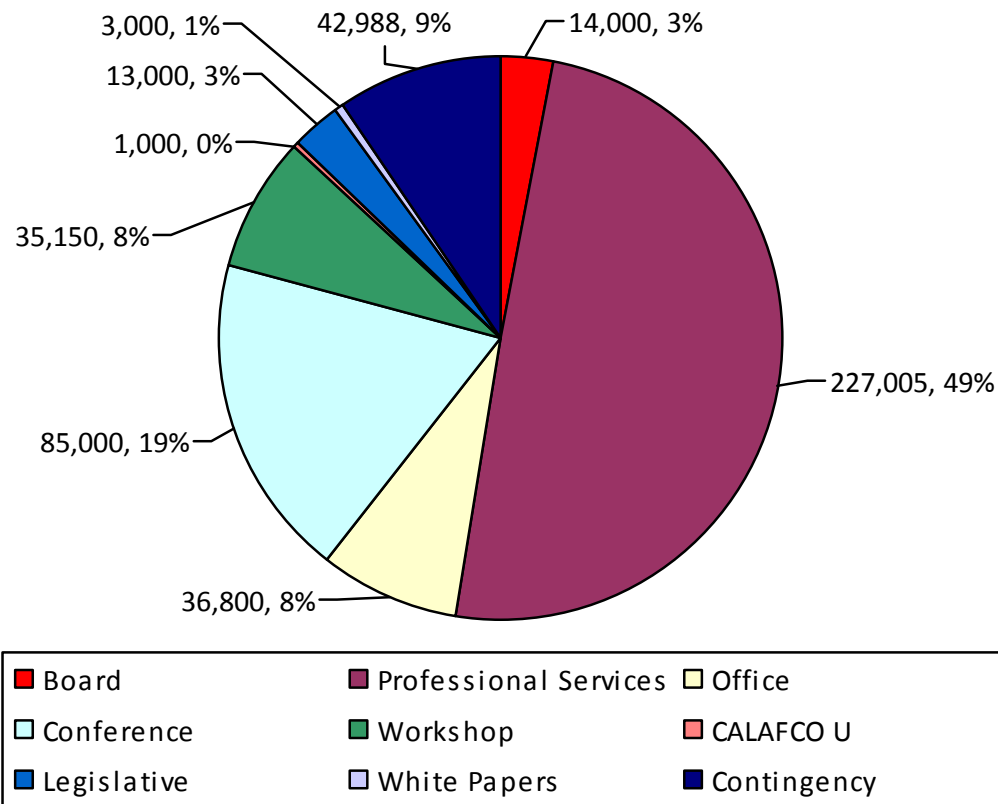
FY 2020-21 REVENUE BY CATEGORY AND
% OF TOTAL BUDGET



Expenses FY 2020/2021

Revised Budget to be presented at July meeting

FY 2020-21 EXPENSES BY CATEGORY AND
% OF TOTAL BUDGET



2019-20 Strategic Areas

1. *Serve as an educational resource to member LAFCo Commissioners, LAFCo staff, Associate Members, and stakeholders.*

We will do this by offering a variety of educational forums, professional development and networking opportunities.

2. *Focus efforts on Association member development and communication.*

We will do this by implementing strategies that build stronger member LAFCOs and a resilient Association. CALAFCO will provide support, resources and timely, value-added communication tools for our LAFCo members and Associate Members.

3. *Serve as an information resource to all Association members, work as a legislative and policy advocate for LAFCo issues and provide information to the Legislature and other stakeholders.*

We will do this by supporting and sponsoring research which collaboratively shares the work and data from member LAFCOs and serves as a resource to all Association members. The Association will also advocate for legislative needs and positions on behalf of our members, by serving as an objective resource to the Legislature, organizations seeking to improve local government and to state agencies on local government services.



CALAFCO 2019-2020 Legislative Priorities

- ❖ LAFCo purpose & authority
- ❖ Ag and open space protection
- ❖ Water Availability
- ❖ Viability of Local Services
 - ❖ Issues of Interest:
 - ◆ Housing
 - ◆ Transportation
 - ◆ Flood Control
 - ◆ Adequate municipal services in inhabited territory



Member Services

- ❖ Annual Conference – fall
 - ◆ Monterey – October 2020 (maybe)
 - ◆ Newport Beach – October 2021
 - ◆ Yosemite – October 2022
- ❖ Staff Workshop – spring
 - ◆ Newport Beach – March 2021
- ❖ CALAFCO U Courses
 - ◆ Transitioning to online for remainder of 2020
- ❖ Research Papers



Member Services

- ❖ Provide support to member LAFCo's through complimentary use of our toll-free conference calling system and Zoom webinar system
- ❖ Keep LAFCo staff connected during the COVID-19 pandemic by hosting weekly meetings for EOs and Clerks
- ❖ Provide regular training and development opportunities



Member Services

- ❖ Web site – www.calafco.org
 - ◆ 5,500-6,000 visits/week
- ❖ List Serves
 - ◆ EO, Clerks, Counsel, Analysts, 4 Regions
- ❖ The Sphere Annual Report
- ❖ Quarterly Reports
- ❖ Membership Publications
 - ◆ Directories, C-K-H



Member Services

❖ Legislative Resource

- ◆ Limit to 20% of budget
- ◆ Propose and review LAFCo legislation
- ◆ Testify
- ◆ Serve on work groups
- ◆ Coordinate with peer associations

❖ LAFCo and Public Resource

- ◆ 150-200 calls/e-mails per day



CALAFCO Thanks Trinity LAFCo

On behalf of myself
and the CALAFCO
Board of Directors,
we thank Trinity LAFCo
for your long-standing
partnership and
ongoing support.



CALAFCO Contact Info

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