

FRESNO LOCAL AGENCY FORMATION COMMISSION (LAFCo)
EXECUTIVE OFFICER'S REPORT

AGENDA ITEM NO. 8

DATE: November 13, 2019
TO: Fresno Local Agency Formation Commission
FROM: David E. Fey, Executive Officer 
SUBJECT: MSR Program Workshop

RECOMMENDATION: Conduct workshop and provide direction as needed.

Issues Workshop Questions:

1. What is LAFCo's responsibility to adopt spheres of influence (SOI) and perform municipal service reviews MSR)?
2. How does LAFCo's MSR policy influence the timing and frequency of MSRs?
3. What is the state of LAFCo's inventory of SOIs and MSRs?
4. What are LAFCo's current Work Program and Application-driven Activities?
5. What can LAFCo expect looking forward?

As used in this report

- "MSR 1.0" refers to MSRs that have not been updated since 2007;
- "MSR 1.5" refers to MSRs that were updated between 2011 and 2014; and
- "MSR 2.0" refers to MSRs have been adopted under the Commission's 2014 MSR policy.

Background

Following a recent staff briefing on the MSR program, Chair Santoyo asked that this information be presented to the full Commission for its consideration and to address the matter of frequency of Municipal Service Review ("MSR") updates.

1. Responsibility to adopt SOIs and perform MSRs

The determination of a local agency's sphere of influence is primary to LAFCo's role:

In order to carry out its purposes and responsibilities for planning and shaping the logical and orderly development and coordination of local governmental agencies subject to the jurisdiction of the commission to advantageously provide for the present and future needs of the county and its communities, the commission shall develop and determine the sphere of influence of each city and each special district, as defined by Section 56036, within the county and enact policies designed to promote the logical and orderly development of areas within the sphere. [Govt Code sec. 56425 (a)]

The timing of SOI updates is prescribed by statute:

On or before January 1, 2008, and every five years thereafter, the commission shall, as necessary, review and update each sphere of influence. [Govt Code sec. 56425(g)]

The MSR is necessary to update a sphere of influence:

In order to prepare and to update spheres of influence in accordance with Section 56425, the commission shall conduct a service review of the municipal services provided in the county or other appropriate area designated by the commission. [Govt Code sec. 56430(a)]

2. Fresno LAFCo's 2014 MSR Policy

Fresno LAFCo's 2014 MSR policy sets a higher standard of data analysis than the original 2007 documents.

Section 107.02: The goal of the Fresno LAFCo MSR program is to provide cities and special districts with an assessment on their provision of services, make recommendations regarding areas of improvement, and determine whether or not an agency is equipped to effectively provide services within its existing or expanded SOI.

In order to achieve this goal, MSRs will:

- 1. Evaluate a local agency—including, but not limited to, services delivered by the agency or other agencies, the agency's compliance with its principal act, activities of its board of directors, the agency's managerial practices, sufficiency of its annual budget, presence of an agency's long-range plan for services, opportunities for public participation with district board meetings, and the board's compliance with "sunshine" laws, such as the Brown Act—in order to present thoughtful and accurate information in support of Commission determinations;*
- 2. Provide recommendations to encourage effective and efficient municipal service delivery; and*
- 3. Build and maintain effective relationships between LAFCo and local agencies.*

This more expansive analysis generally takes more time on the part of the local agency to provide public records that are necessary for LAFCo staff to assess and draw conclusions from.

3. Inventory of MSRs

An inventory of Fresno LAFCo's MSRs is attached as Attachment "A." Of the 130 local agencies (15 cities & 114 special districts) have an adopted SOI and MSR.¹ Of these local agencies,

¹ The one exception is the Laguna Irrigation District for which no MSR has been prepared. The SOI was adopted by Fresno LAFCo in 1976 though it appears that later Fresno LAFCo presumed that Kings County was the principal county. It was later determined that Fresno was the principal county. Staff anticipates that the LID will be making an application for SOI amendment in the near future at which time a MSR will be necessary.

- 29 MSR's have not been updated since 2007 (AKA "MSR 1.0");
- 59 MSR's were updated between 2011 and 2014 (AKA "MSR 1.5"); and
- 42 MSR's have been adopted under the Commission's 2014 MSR policy (AKA "MSR 2.0")

4. Current Work Program and Application-driven Activities

As noted, the Commission establishes a program of MSR updates with its annual work program. Staff has recommended that the inventory of "MSR 1.0" be updated to "2.0" status. The Commission's FY19-20 work program supports this direction and defers some MSR updates until their related Groundwater Sustainability Plans are complete as follows:

- Complete the updates of FY 18-19 MSR's: CSA No. 50 [completed] and CSA No. 7;
- Focus on updates of 2007 MSR for the following non-SGMA special districts:
 - Tri-County Hospital District,
 - Consolidated Mosquito Abatement District,
 - Coalinga-Huron Mosquito Abatement District,
 - Fresno Mosquito and Vector Control District,
 - Central Valley Pest Control District, and
 - West Fresno County Red Scale Protective District.
- Defer update of 2007 MSR's for special districts that are members of a SGMA GSA until after GSP's are approved by DWR.
- Defer programmatic update of cities' SOI/MSR's until they are application-driven (at which time the city MSR will have priority).

It is staff's practice to prioritize application-driven SOI updates and related MSR's. This has the effect of deferring action on the Work Program MSR's until work on the applications is complete. Staff is currently working on:

- City of Reedley SOI/MSR;
- Sierra Resource Conservation District ("RCD") and Tranquillity RCD SOI/MSR; and
- Because LAFCo adopted a unified SOI for the westside RCD's in 2007, the TRCD SOI amendment has triggered an update of the Panoche, Firebaugh, James, and Westside RCD's as well.

Scenario looking forward

LAFCo has averaged eight MSR's per year since 2014 (high 15, low four). At the current rate of MSR production, given that application-driven projects receive a higher priority, and given that LAFCo doesn't currently use consultants to produce its MSR's, estimated time frames for the remaining special district MSR updates are:

- 2.5 years to update the remaining 20 special district "MSR's 1.0";
- 10 years to update the 20 "MSR's 1.0" and the 57 "MSR's 1.5";

Once all of the 115-special district MSR's have been updated to a "MSR 2.0" standard, then in order to update their respective SOI's every five years will require production at the rate of 23 MSR's per year.

When all MSRs are updated to the 2014 policy level (i.e., "MSR 2.0"), the Commission may choose to scale back the level of effort and direct its resources on five-year reviews that rely on the more complete "MSR 2.0" database. Barring any unanticipated changes to the operation of the local agency, this should streamline MSR updates.

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