

POLICIES AND PROCEDURES FOR MUNICIPAL SERVICE REVIEWS

Municipal Service Reviews (MSR)

1. **Goal:** The goal of the SJLAFCo 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 an agency is equipped to effectively provide services within its existing or expanded SOI.
2. **Overview:** Pursuant to GC sec. 56430, in order to prepare and to update spheres of influence (SOI) in accordance with GC sec. 56425, the Commission shall conduct a review of the municipal services provided by a local agency. A municipal service review (MSR) is a comprehensive study prepared by SJLAFCo to inform local agencies, the public, and SJLAFCo about municipal services provided by local agencies within a designated geographic area.
3. **Evaluation:** SJLAFCo evaluates the municipal services provided by one or more local agencies, makes determinations based upon this information and may recommend actions to promote the efficient provision of those services. An MSR need not be prepared if no action to prepare or update a SOI is proposed, though SJLAFCo may choose to prepare a MSR at its sole discretion.
4. **Determinations:** Pursuant to GC sec. 56430, SJLAFCo must make the following written determinations regarding the following areas:
 - A. Growth and population projections for the affected area.
 - B. The location and characteristics of any disadvantaged unincorporated communities within or contiguous to the sphere of influence.
 - C. Present and planned capacity of public facilities and adequacy of public services, including infrastructure needs or deficiencies including needs or deficiencies related to sewers, municipal and industrial water, and structural fire protection in any disadvantaged, unincorporated communities within or contiguous to the sphere of influence.
 - D. Financial ability of agencies to provide services.
 - E. Status of, and opportunities for, shared facilities. Accountability for community service needs, including governmental structure and operation efficiencies.

- F. Any other matter related to effective or efficient service delivery, as required by commission policy.
5. **Conclusion:** An MSR concludes with adoption of the determinations by the Commission.
 6. **MSR and SOI Relation:** While the Commission is not required by law to make any changes to a SOI based upon MSRs, the Commission may at its discretion opt to shrink or expand an SOI, or approve, deny, or approve with conditions any change of organization or reorganization impacting the governmental agency as a result of the information contained in the MSR.
 7. **Planning Document:** The Commission's determinations may result in recommendations to the subject local agency regarding the areas specified by the statute. When recommendations are made, they will be conveyed to the local agency for response and/or action.
 8. **Service Review Objectives:** The objective of a MSR to evaluate a local agency—including, but not limited to:
 - A. services delivered by the agency or other agencies,
 - B. the agency's compliance with its principal act,
 - C. activities of its legislative body,
 - D. the agency's managerial practices,
 - E. sufficiency of its annual budget,
 - F. presence of an agency's long-range plan for services,
 - G. opportunities for public participation at its legislative body's meetings, and
 - H. the agency's compliance with "sunshine" laws, such as the Brown Act.
 9. **LAFCo Tool:** SJLAFCo uses a service review in order to present thoughtful and accurate information in support of Commission determinations and facilitate:
 - A. Provide recommendations to encourage effective and efficient municipal service delivery;
 - B. Build and maintain effective relationships between LAFCo and local agencies; and
 - C. Encourages local agencies affected by these policies to include LAFCo at the beginning of any city planning application that may result in an annexation or SOI amendment or extension of services.

10. Municipal Services: The term “municipal services” relates to services provided by cities and many special districts to relatively dense populations at comparatively high levels of service, including:

- A. Public safety (police, fire, building inspection, etc.);
- B. Public utilities including solid waste collection and disposal, wastewater collection and treatment, domestic water production, treatment and distribution, and electricity;
- C. Land use authority including planning, code enforcement, and building code enforcement;
- D. Parks and recreation;
- E. Public facilities;
- F. Airports;
- G. Public transit;
- H. Improvement, maintenance, repair, and operation of streets and highways;
- I. Flood control;
- J. Water supply, drainage, storage, and conservation.
- K. “Municipal service” also encompasses a service or function provided to one local agency by a contract with another local agency, as permitted by GC sec. 54981.

11. Other Services: Other types of services provided by local agencies that may not be considered “municipal,” and do not in themselves facilitate or induce growth. Nonetheless, SJLAFCo deems it appropriate to include the local agencies that provide these services in the MSR program as their services were deemed necessary when the local agency was formed and are provided within a specified geographic area under the authority of the applicable California Code. Further, performance of a MSR for a non-municipal service provider permits the full expression of SJLAFCo goals for and by all local agencies under its jurisdiction.

12. Environmental Determination: Local agencies that request a SOI amendment that is consistent with the agency’s general or master plans are expected to be the lead agency as defined by the California Environmental Quality Act (CEQA, PRC sec. 21067). The lead agency has the principal responsibility for carrying out or approving a project which may have a significant affect upon the environment. The lead agency will conduct all necessary environmental determinations as appropriate under CEQA (i.e., notice of exemption, negative declaration, environmental impact report). Under this circumstance, LAFCo will be a responsible agency as defined by CEQA (PRC sec. 21069). This relationship should be clearly

identified in the lead agency's CEQA documentation, as well as the requested actions (reorganizations, annexations and/or detachments) anticipated by the lead agency in its environmental analysis. When LAFCO initiates an MSR, it will be the lead agency and will prepare the appropriate level of analysis pursuant to CEQA.

13. **Additional Information:** The Commission reserves the right to require additional documentation of environmental impacts in addition to the analysis performed by the local agency. Examples of such information includes information such as an Environmental Site Assessment Phase I report, and if warranted an Environmental Site Assessment Phase II report; traffic analysis demonstrating consistency with the RTP VMT goals; impacts to agricultural resources; and/or location of and development pressure upon agricultural, biological and open space easements.
14. **MSR Preparation:** The Commission shall direct and/or conduct a programmatic update of a local agency's MSR before, or in conjunction with, but no later than the time it is considering an action to update a sphere of influence. The Executive Officer will assess local agencies' spheres of influence as necessary, by reviewing the current MSR, and contacting the local agency to determine the following:
 - A. Agency's progress on the Commission's earlier MSR recommendations,
 - B. Adequacy of its current SOI, and
 - C. Whether the current SOI is consistent with its long-range plans.
15. **SjLAFCo MSR Preparation:** If staff determines that an amendment to a sphere of influence may be necessary and would necessitate an update of that agency's MSR, it may provide local agencies with an MSR questionnaire for the agency to complete and LAFCo may request additional information. Once this information is received, staff will prepare a draft MSR.
16. **Data Verification:** A local agency is required to submit primary source documents so that all data presented within a MSR is backed by data submitted to other public regulatory agencies. The local agency will be provided with a MSR checklist of items needed to complete data verification. Upon data verification, an administrative draft MSR is reviewed subject to SjLAFCo staff's review for documentation, completeness, and thorough analysis.
17. **Public Participation:** The adoption of a MSR is not subject to a statutory public hearing (GC sec. 56430). However, to allow for public participation that

demonstrates a transparent decision-making process, the following actions will take place:

- A. The draft MSR shall be posted on the Commission's website for a 21-day public review period;
- B. Notice of the public review period will be posted at the offices of SJLAFCo and the Clerk of the Board of Supervisors and on the Commission's website; and
- C. Notice will be mailed or e-mailed to the subject local agency to be posted in its jurisdiction.

18. Other Factors: These policies are based on circumstances unique to SJLAFCo and as such will ensure that municipal services are evaluated in an orderly, logically, and efficient manner.

- A. The SOI should reflect three (3) planning horizons – short range five (5) to ten (10) year; medium range ten (10) to twenty (20) years and, long range twenty (20) to thirty (30) years – for the phasing of reorganizations and annexations. Said planning horizons may include additional areas that may relate to the agency's planning.
- B. The SOI boundary as well as the Planning Horizon boundaries shall be reviewed and either affirmed or updated on an average of every five (5) years, as necessary, thereafter.
- C. The Commission will evaluate proposed SOI amendments in light of many of the local agency's own adopted plans and policies including, but not limited to, its general or master plan and related CEQA documents, service plans, annual budgets, annual comprehensive fiscal reports, audits, fee structure, and capital improvement plans.
- D. MSRs may be updated independently from an SOI modification, either to facilitate review of an agency's service deficiencies or in response to other LAFCo actions.
- E. The Commission will annually review the status of all districts regarding their status of MSR and SOI Plan to forecast the need for and facilitate the preparation of future MSRs.
- F. MSR's should be conducted for all agencies every five years unless explicitly determined not to be required or required at a different interval
- G. The Commission reserves the right to have an MSR prepared by a consultant under contract with the Commission and associated expenses may be borne by the requesting local agency.

19. Annual MSR Key Performance Indicators Report: To assist in the determination of when a MSR is required, SJLAFCo will send a Key Performance Indicator questionnaire annually to all special districts. Agencies will then be required to submit a brief, standardized annual self-certification. If an agency's annual self-certification check-in reveals significant deficiencies, it will trigger an immediate, targeted "Intermittent MSR." If the agency certifies that there are no foreseeable impacts to meeting district Level of Service (LOS) goals, the annual report is filed, posted on the SJLAFCo website for public transparency, and no further action is required for that year.

- A. **Time is of the Essence** – The MSR KPI process is intended to be highly efficient, focusing on two (2) or three (3) most telling metrics for each agency type. The MSR KPI Questionnaire will typically be sent to local agencies in October and expected to be returned in January for posting on the SJLAFCo website for the Mid-Year Budget Review.
- B. **Data Process** – The process for the Annual MSR KPI Check-In consists of the following components:
 - I. **Raw Data Collection (SJLAFCo Analysis):** SJLAFCo will request raw data exports (such as Computer-Aided Dispatch logs or year-end inventory counts). SJLAFCo staff will then perform the data analysis.
 - II. **Targeted Key Performance Indicators:** SJLAFCo will coordinate with agencies to use the two (2) to (3) metrics that provide the highest value insights into an agency's operational capabilities.
 - III. **Operational/Financial:** The MSR KPI check-in includes a brief operational and financial Yes/No questionnaire. Agencies that do not foresee hindrance in achieving LOS goals can then check "No" down the column, indicating no major distress events, sign under penalty of perjury, and return the form.
- C. **Transparency** – The completed certifications and LAFCO's MSR KPI summaries will be posted on the San Joaquin LAFCO website, providing a clear, publicly accessible record that oversight is occurring annually.

20. Boundary Modification while MSR Evaluation in Progress: At times it is necessary to benefit from opportunities that advance the orderly growth and development while the review and update of a sphere of influence is taking place. It is the Commission's intention to evaluate and conditionally allow the logical formation and modification of boundaries during the preparation of a service review directed by Section 56430 based on the following conditions:

- 1. The city has entered into a reimbursement agreement with the Commission or has submitted proof the Commission that a contract has been executed

for the preparation of a service review pursuant to the requirements of State Government Code Section 56430.

2. The City must provide documentation or otherwise demonstrate that a good faith effort to implement and otherwise comply with all recommendations contained in the most recent Service Review.
3. Territory is uninhabited pursuant to Government Code Section 56079.5 and otherwise meets all requirements stated in State Government Code Section 56662.
4. Territory must be within the existing 5 – 10 year planning horizon of the city's Sphere of Influence.
5. Territory must be contiguous to and adjacent to existing jurisdictional boundaries on at least two sides by the requesting city.
6. The area of the territory is of such boundary modification is of a location and size that approval of the modification will have a de minimis impact on the evaluation of the city's ability to provide efficient services within it's adopted of the sphere of influence. In making a determination of if a boundary modification will have a de minimis impact on the MSR underway the following factors shall be considered:
7. The proposed use of the property will facilitate the orderly growth and development through consistency with all adopted regional goals for factors listed in State Government Code Section 56668.
8. The size and area of the boundary modification makes the foreseeable development of the site consistent with the Vehicle Miles Travelled (VMT) goal of the adopted Regional Transportation Plan; or, otherwise exempt from SB 743 VMT evaluation. The exemption may be pursuant to the State Department of Land use and Climate Innovation technical advisory on evaluating transportation impacts in CEQA; the city's adopted implementation guidelines, or has executed a mitigation agreement with the applicant to ensure that VMT impacts will be less than significant. (GC Section 56668(g)).
9. As a CEQA responsible agency, the Commission is required to find that either any significant environmental impacts associated with the boundary modification identified in the appropriate environmental level of analysis documents that said impacts have been:
 - I. Mitigated or avoided;
 - II. Measures necessary for mitigation are within the responsibility and jurisdiction of another public agency and have been, or could and should be, adopted by that other agency; or

- III. Specific economic, legal, or other considerations made mitigation
Infeasible pursuant to State Public Resource Code Section 21081(a).
- 10. Each finding must be accompanied by a brief explanation of the rationale
and empirically prove the conclusion reached, as required by the State Code
of Regulations, CEQA Guidelines Section 15091(a).