

Municipal Service Review (MSR) Suggestions

The Cortese-Knox-Hertzberg Local Government Reformation Act of 2000 (CKH) is the sole and exclusive authority and procedure for the initiation, conduct, and completion of changes of organization and reorganizations of cities and districts. CKH requires LAFCO to review and update the sphere of influence (SOI) of cities and special districts. In order to review and update the SOI, LAFCO must make written statement of its determinations with respect to the following:

1. Growth and population projections for the affected area.
2. The location and characteristics of any disadvantaged unincorporated communities within or contiguous to the sphere of influence.
3. Present and planned capacity of public facilities, adequacy of public services, and 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.
4. Financial ability of agencies to provide services.
5. Status of, and opportunities for, shared facilities.
6. Accountability for community service needs, including governmental structure and operational efficiencies.
7. Any other matter related to effective or efficient service delivery, as required by commission policy.

Solano LAFCO has prepared this document to help agencies who elect to prepare their own MSR, with or without consultants, address the seven required MSR analysis factors identified above. Please note that the guiding statements provided for each factor are not exhaustive. The statements have been provided to help agencies understand what type of information should be included under each factor. Addressing these statements does not guarantee that the MSR will satisfy the required MSR analysis factors. Agencies are expected to provide agency-specific information that satisfies each analysis factor. It is recommended that each agency electing to prepare their own MSR contact Solano LAFCO prior to writing its MSR.

The **blue** headers identify the recommended MSR outline. The **green** statements are guiding statements that should be addressed in the MSR.

Title Page

Please note that all MSR documents are LAFCO documents. Solano LAFCO prepares MSRs in-house. However, some agencies may elect to prepare their own MSR, with or without consultants. Even if the agency prepares its own MSR, the title page should read that the document has been prepared for Solano LAFCO.

Acknowledgements

- List the Agency's governing body members (i.e., City County Members, Board of Trustees Members)
- List staff members who contributed to the creation of the MSR

General Information Page

Project Name:

LAFCO Project No.:

Prepared By:

Date:

Agency Name	Agency Location	Manager

Date of Last MSR/SOI:

Adopted by LAFCO:

Agency Profile Page

City/General Manager:

Address:

Phone Number:

Website:

Date of Incorporation/Formation:

Governing Body:

(Year) Members:

Name	Title	Term

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Acronyms and Abbreviations

Executive Summary

1. Introduction- (Provided by LAFCO)

1.1 Role and Responsibility of LAFCO

LAFCO serves as an arm of the State that is responsible for the preparation and review of municipal service reviews (MSRs) and sphere of influences (SOIs) for cities and special districts. LAFCO's are governed by the Cortese-Knox-Hertzberg Local Government Reorganization Act of 2000 (CKH). CKH establishes procedures for local government changes of organization, including city incorporations, annexations to a city or special district, and city and special district reorganizations.

MSRs and SOIs are tools created to empower LAFCOs to satisfy CKH's legislative charge of:

“discouraging urban sprawl, preserving open-space and prime agricultural lands, efficiently providing government services, and encouraging the orderly formation and development of local agencies based upon local conditions and circumstances.” (GC §56301)

LAFCOs do not regulate land use, dictate internal operations or administration of local agencies, or set service rates. However, LAFCOs are empowered to enact policies that indirectly affect land use decisions. On a regional level, LAFCOs promote communities' logical and orderly development as they consider and decide individual proposals. LAFCOs have a role in reconciling differences between agency plans so that the most efficient urban service arrangements are created for the benefit of current and future area residents and property owners.

1.2 Purpose of the Municipal Service Review

The municipal service review (MSR) is a means of identifying and evaluating public services that serve to inform the governmental entity, LAFCO, the public, district property owners, and other interested parties about actions that could be taken to improve the efficient delivery of public services. An MSR must be conducted prior to, or in conjunction with, the update of a sphere of influence (SOI).¹ The MSR process does not require a LAFCO to initiate changes of organization based on the service review. It only requires that LAFCOs make determinations regarding the provision of public services. LAFCOs may subsequently use the determinations and related analysis to consider whether to pursue changes to service delivery and/or government organization.

1.3 Municipal Service Review Analysis Factors

1. Growth and population projections for the affected area.
2. The location and characteristics of any disadvantaged unincorporated communities within or contiguous to the sphere of influence.

¹ California Government Code §56430

3. Present and planned capacity of public facilities, adequacy of public services, and 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.
4. Financial ability of agencies to provide services.
5. Status of, and opportunities for, shared facilities.
6. Accountability for community service needs, including governmental structure and operational efficiencies.
7. Any other matter related to effective or efficient service delivery, as required by commission policy.

1.4 Sphere of Influence

The form and content of the sphere of influence (SOI) is governed by CKH.² The SOI is defined as "a plan for the probable physical boundaries and service areas of a local agency as defined by the Commission" (GC §56076). The purpose of the SOI is to ensure the efficient provision of services, discourage urban sprawl and premature conversion of agricultural and open space lands, and prevent overlapping jurisdictions and duplication of services. The SOI analysis is typically prepared following the approval of an agency's MSR analysis. The MSR informs the need, size, and location of an agency's SOI which is prepared as a separate document.

The SOI is one of the most important tools used by LAFCO to ensure the agency is consistent with CKH. Land cannot be annexed to an agency unless it is within that agency's SOI and that agency's MSR has demonstrated that that territory can be served efficiently by that agency. CKH requires Solano LAFCO to review and update the SOI for each city and special district in the County every five years, as necessary.³

LAFCO is required to make the five written determinations identified by CKH⁴ when establishing, amending, or updating an SOI for a local agency. Those five determinations are as follows:

1. **Present and planned land uses in the area.** This consists of a review of current and planned land uses, including agricultural and open space, based on planning documents.
2. **Present and probable need for public facilities and services.** This includes a review of the services available in the area and the need for additional services.
3. **Present Capacity of Public Facilities.** This section includes an analysis of the capacity of public facilities and the adequacy of public services that the agency provides or is authorized to provide.
4. **Social or economic communities of interest.** This section discusses the existence of any social or economic communities of interest in the area if the Commission determines that they are relevant to the agency. These are areas that may be affected by current services provided by the Agency or areas that may receive services in the future.
5. **Present and probable need for services to disadvantaged communities.** The

² California Government Code §56425(h)

³ California Government Code §56425(g)

⁴ California Government Code §56425(e)

Commission must also consider services to disadvantaged communities which are defined as inhabited areas within the SOI whose median household income is less than or equal to 80 percent of the statewide median income.

1.5 Compliance with State Laws (Principal Act)

This section identifies and addresses the State statute(s) that governs the agency. It typically includes information pertaining to the formation, powers, and governance of the agency.

1.6 California Environmental Quality Act (CEQA)

Public Resources Code Section 21000, *et seq.*, also known as the California Environmental Quality Act (CEQA), requires public agencies to evaluate the potential environmental effects of their actions. This MSR is exempt from CEQA under Class 6 categorical exemption. CEQA Guidelines Section 15306 states that “Class 6 consists of basic data collection, research, experimental management, and resource evaluation activities that do not result in a serious or major disturbance to an environmental resource.” Solano LAFCO finds that this MSR update does not have the potential for causing a significant effect on the environment and is exempt from CEQA.

2. Agency Profile

- Agency Name
Address
Phone number
Website
- Provide a brief history of the agency. Identify when the agency incorporated/formed
- Special districts need to identify and explain their purpose and services provided
- Identify amendments, if any, made to the agency’s SOI within the past 5-10 years
- Identify annexations, if any, made to the agency within the past 5-10 years
- Include any other applicable information about the City
- Include a map of the city. Be sure to include and identify any areas being proposed for inclusion in the agency’s sphere of influence. Areas proposed for inclusion in an agency’s SOI must be analyzed in the MSR

3. Growth and Population Projections

- Identify existing and projected population (in five-year increments) for the next 20 years
- Identify any plans, policies, referendums, and/or other measures that guide/restrict growth of the agency
- For cities - The number of units in all residential development applications, and the number of residential units approved.

- If applicable, describe any foreseeable development projects in the territory or surrounding area over the next 5-10 years

SUGGESTED REFERENCES:

- U.S. Census Bureau- QuickFacts- Current Population
<https://www.census.gov/quickfacts/>
- U.S Department of Finance- Population Projection
- City and/or County General Plans
- Housing Element Annual Progress Report
- City and/or County planning departments

4. Disadvantaged Unincorporated Communities

Pursuant to the State's passage of Senate Bill 244, LAFCOs are required to make determinations regarding disadvantaged unincorporated communities (DUCs) for an update of a sphere of influence. The law defines a DUC as a community with an annual median household income that is less than eighty percent (80%) of the statewide annual median household income. The law also requires that LAFCOs consider "the location and characteristics of any disadvantaged communities within or contiguous to the sphere of influence" when preparing an MSR.

- Identify any disadvantaged unincorporated communities (DUCs) in or contiguous to the agency's SOI.
- If there is a DUC in or contiguous to the agency's SOI, identify how the agency could provide services to that area. Note: this can be addressed in the Present and Planned Capacity of Public Facilities section, but it must be noted here

SUGGESTED REFERENCES:

- California LAFCO (CALAFCO) Statewide DUC map.
<https://www.arcgis.com/apps/View/index.html?appid=4319a8066745442cbe7de6af1d13f98a>
- CalEnviroScreen – an analytical tool created by the California Environmental Protection Agency (CalEPA), combines different types of census tract-specific information into a score to determine which communities are the most burdened or "disadvantaged."
<https://oehha.ca.gov/calenviroscreen/report/calenviroscreen-30>
- ArcGIS Online – SB 535 Disadvantaged Communities.
<https://www.arcgis.com/apps/View/index.html?appid=c3e4e4e1d115468390cf61d9db83efc4>
- City and/or County General Plans
- City and/or County planning departments

5. Present and Planned Capacity of Public Facilities

This section should include comparison discussions between the agency's existing infrastructure/service capacity and ability to serve development within the agency's boundary and the agency's plan to and ability to serve future development both within the existing boundary and within the proposed expanded SOI (if applicable).

5.1 Airport (If applicable)

5.2 Animal Control

5.3 Fire

5.4 Law Enforcement

5.5 Parks and Recreation

5.6 Public Works

5.7 Solid Waste

5.8 Stormwater

5.9 Wastewater

5.10 Water

The following statements need to be addressed for each infrastructure/service section.

- Describe the organization's service delivery system including infrastructure and facilities
- Identify all infrastructure and service standards, goals, staffing requirements, etc.
- Describe compliance with State regulations as it relates to infrastructure and services
- Discuss any compliance issues with State regulations as it relates to infrastructure and services
- Identify and describe near-term and long-term infrastructure needs and deficiencies. Explain the agency's plan to address such deficiencies
- Identify if and how the agency's projected growth will impact the agency's infrastructure, services, and/or sphere of influence boundary
- Identify concerns regarding public services provided by the agency being considered adequate (i.e. identify if additional staff or expertise will be necessary)
- For agencies that provide infrastructure and fire and police services, identify how the agency is incorporating climate adaptation (i.e., climate change, GHG emission reduction) in its assessment of infrastructure/service needs
- If the agency provides sewer, municipal water, and/or structural fire and police protection services, describe any disadvantaged unincorporated communities within or contiguous to the organization's sphere of influence. Describe the level and adequacy of services that these communities are receiving and identify any service deficiencies that should be addressed

SUGGESTED REFERENCES:

- City and/or County General Plans, General Plan EIRs, and/or Master Infrastructure Plans

6. Financial Ability to Provide Services

6.1 General Fund

- Describe the organization's financial policies.
- Discuss whether the policies are in keeping with best practices.

- Discuss when the policies were adopted, and if they are appropriately updated
- Describe the organization's budget cycle. Identify who is responsible for approving the organization's budget and identify if budgets are passed regularly and on-time
- Discuss whether the agency has regular independent audits and how often
- Discuss the stability of the revenue sources. Discuss any opportunities to increase revenues
- Identify and describe the agency's major expenditure categories (Include a 5-year trend chart).
- Identify and discuss opportunities to reduce expenditures. Describe the agencies major revenue sources (Include a 5-year trend chart).
- Describe the organization's "revenues less expenditures" and end of year fund balances (Include a 5- year trend chart)
- Describe the agency's reserve and/or contingency fund policies
- Identify the agency's reserve funds (Include a 5-year trend chart)
- Describe any grants or donations the organization has received since the previous MSR/SOI
- Describe the agency's reserve and contingency fund balances (Include a 5-year trend chart).
- Discuss whether the agency level of reserve is adequate to protect against unexpected events or upcoming significant costs
- Describe the agency's debt management policy
- Describe any debt that the organization is currently repaying, including the total original amount and remaining balance, the type of debt, interest rate, use of debt, and payment schedule
- Describe any debt that has been paid off by the organization since the most recent MSR/SOI.
- Discuss any debt the agency expects to incur within the next 5 years
- Discuss whether the agency has pension and/or other post-employment benefit (OPEB) liabilities. Explain what the liabilities are and discuss if there any unmanageable concerns
- Identify if the agency needs written financial policies that ensure its continued financial accountability and stability

6.2 Enterprise Funds

- Explain if the agency's rate/fee schedule is sufficient to fund an adequate level of service
- Discuss when the rate/fee schedule was adopted and describe any recent efforts to alter the rate/fees schedule
- Compare the agency's rate/fee schedule to other organization's providing similar services in the region
- Describe the relationship between the rate/fee structure and level of service

6.3 Capital Improvements

- Describe the agency's capital improvement plan and/or infrastructure maintenance and replacement schedule.
- Discuss whether the agency is on track with the timeline outlined in its infrastructure plan.
- Discuss the agency's plans for funding upcoming maintenance and replacements
- Discuss whether the agency maintains additional reserve funds to protect against unexpected events or upcoming significant costs?

SUGGESTED REFERENCES:

- City, County, or special district budgets and capital improvement plans
- Agency infrastructure policies and/or plans

7. Status and Opportunities for Shared Facilities

- Identify if there any opportunities for the agency to share services or facilities with neighboring or overlapping organizations that are not currently being utilized
- Describe organizations within proximity to the agency that offer similar services
- Discuss shared services or use of facilities that are currently being implemented
- Discuss opportunities for shared services or facilities that are not currently being utilized
- Discuss what actions would be required to implement those opportunities and the potential benefit of such efficiencies

8. Government Structure and Accountability

- Describe the agency's governance structure and meeting schedule
- Describe the organization's staffing level and service delivery system
- Describe efforts the organization has made to ensure accountability including, regularity of governance meetings, compliance with the Brown Act, and public outreach efforts
- Discuss whether commissions/boards/councils receive training regarding the agency's program requirements and financial management
- Discuss whether completed audits are provided to the State Controller's Office within 12 months of the end of the fiscal year(s) under examination. Discuss whether the Agency has received corrective action plans to follow up on
- Discuss whether the agency should change its governance structure to increase its accountability and efficiency
- Discuss if there any opportunities to eliminate overlapping boundaries that confuse the public, cause service inefficiencies, unnecessarily increase the cost of infrastructure, exacerbate rate issues and/or undermine good planning practices

- Describe how the organization processes complaints or service delivery issues
- Describe any potential opportunities for consolidation with neighboring organizations that might increase accountability or efficiency

Accountability

Passed in late 2018, Senate Bill 929 is a law requiring all independent special districts in California to create and maintain a website by January 2020. This law is known as the Special Districts Transparency Act. In summary, special districts are required to comply with the following:⁵

1. Establish and maintain a website that is accessible to visitors with disabilities by January 2020.
2. Post contact information for the district on the website.
3. Post agendas to the website at least 72 hours in advance of each regular meeting, in a format that is searchable, indexable, and platform independent. A direct link to the most recent agenda on the home page is also required under AB 2257.
4. Post a link to the State Controller's Public Pay website (or include the district's most recent Compensation Report on the site).
5. Post a link to the State Controller's By The Numbers website (or include the district's most recent Financial Transaction Report on the site).
6. Post a link to the district's Enterprise System Catalog in a "prominent location" on the website as required by SB 272.

In addition, special districts are required to have this content on a website that is ADA compliant and complies with AB 434:

1. Scanning the website for conformance with web content accessibility guidelines (WCAG) 2.0 AA (There are several free scanners online)
2. Ensuring closed captioning on videos
3. Ensuring accessible PDF attachments

Table X. Agency Website Transparency Review		
Website		
Date Evaluated		
Required		
	Yes	No
Agency maintains a website with current contact information for the district manager and key staff		
Agency's website has a link to State Controller's Government Compensation Public Pay website. (GC §53908)		
Agency's website provides a link to the State Controller's By The Numbers website (GC §53891(a))		

⁵ California Special Districts Association. Website Best Practices & Legal Requirements. <https://www.cstda.net/blogs/kristin-withrow1/2022/10/14/website-best-practices-legal-requirements>. October 14, 2022.

Agency has created an Enterprise System Catalog and posted it to website? (GC §6270.5)		
Agency has current agenda posted to website homepage and is accessible through a prominent, direct link		
Compliant with web content accessibility guidelines (WCAG) 2.0 Level AA (GC § 7405 and 11135)		
Americans with Disabilities (ADA) accessible PDF attachments (Section 508 of the Rehabilitation Act)		
ADA closed captioning on videos (Section 508 of the Rehabilitation Act)		

Recommended		
<i>The following is recommended by the California Special Districts Association to increase the awareness, accessibility, and transparency of special districts.</i>		
	Yes	No
Mission Statement		
Description of Services		
Service Area Map		
Board member list, length in office, and titles		
Authorizing statute/Enabling Act (Principal Act or Special Act)		
Board policies and procedures		
Current bylaws (or formation act)		
Archive of agendas and minutes		
District Budgets (current and past 3 years)		
District Audits (past 3 years)		
List of key agency staff with contact information		

9. LAFCO Policies Affecting Service Delivery

- Identify any other service delivery issues that can be resolved by the MSR/SOI process (i.e., existing unincorporated islands)

10. Summary of Determinations - (Provided by LAFCO)