

EL DORADO LAFCO

LOCAL AGENCY FORMATION COMMISSION

AGENDA OF APRIL 24, 2013

REGULAR MEETING

TO: Don Mette, Chairman, and
Members of the El Dorado County Local Agency Formation
Commission

FROM: José C. Henríquez, Executive Officer

PREPARED BY: Erica Sanchez, Policy Analyst

AGENDA ITEM #9: **CONTINUED DISCUSSION ON THE GEORGETOWN DIVIDE
PUBLIC UTILITY DISTRICT MUNICIPAL SERVICE REVIEW
AND SPHERE OF INFLUENCE STUDY AND PROVIDE
DIRECTION TO STAFF**

RECOMMENDATION

Per Commissioner and Georgetown Divide Public Utility District (GDPUD) Board Member request, staff recommends the Commission receive the following information regarding Municipal Service Reviews and Sphere of Influence Studies (MSR/SOIs) and provide direction to staff on how to proceed with the next GDPUD MSR/SOI, in the following areas:

1. A timeline for GDPUD's next MSR/SOI, if it differs from the Third Cycle MSR Project Plan that was adopted at the February 27, 2013 meeting; and
2. The scope of analysis and inclusion of any specific issues the Commission would like to see covered in GDPUD's next MSR/SOI, if it differs from the most recent Commission direction.

REASON FOR RECOMMENDED ACTION

On behalf of a request made by GDPUD Board Member Maria Capraun, Commissioner Briggs has requested that staff provide the Commission with options for the next GDPUD MSR/SOI because of recent concerns regarding the District's financing, infrastructure and governance.

BACKGROUND

This item was continued from the March 27, 2013 LAFCO meeting, at the direction of the Commission. At the February 27, 2013 LAFCO meeting, GDPUD Director Maria Capraun addressed the Commission voicing her concerns about the District's financial and structural viability. Commissioner Briggs requested that staff bring back information regarding actions LAFCO can take to respond to specific concerns brought forth by a district.

Stated very briefly, staff can bring back the adopted project plan to move the district's next MSR to an earlier date and the Commission, as a result of that MSR, can use that information to increase, reduce or affirm a District's SOI. An increase or reduction of an agency's SOI is an indication from the Commission that the district is or is not in a position to serve areas outside of its current boundaries in the near future. A complete reduction of an SOI to a "zero sphere" is an indication by the Commission that the district is not functioning adequately and should dissolve.

Within the constraints of what can and cannot be accomplished through the limitations of the MSR/SOI process, staff is uncertain whether the next GDPUD MSR and SOI update alone would be able to provide any type of meaningful assistance to the District in the specific areas that Ms. Capraun addressed at the February meeting.

MSR/SOI History and Purpose

Municipal service reviews are mandated by State Law enacted in 2000, which established requirements for LAFCOs to conduct comprehensive reviews of municipal service providers in their respective counties. The information and determinations contained in an MSR are intended to guide and inform SOI decisions. Service reviews enable LAFCO to determine SOI boundaries and to establish the most efficient service provider for areas needing new service. They also function as the basis for future government reorganizations.

MSRs are a precursor to SOI updates, because State Law requires that an MSR for an agency be performed before the Commission can update a sphere of influence. SOIs are defined by statute as a "plan for the probable physical boundary and service area of a local government agency as determined by the commission" (Government Code §56076).

Municipal service reviews are inherently retrospective, taking a "snapshot" of existing conditions to provide documentation of a district. MSRs do not explicitly plan for future services, nor will any action or change in services result directly as a result of LAFCO's adoption of the document. The only action that the Commission can take of consequence as a direct result of an MSR, is to increase, reduce or affirm a district's SOI. In order to implement any action beyond changing the SOI (except for consolidation, dissolution or a merger), the Commission needs a proposal made by either district resolution, or landowner/registered voter petition.

MSRs are not typically intended to function in a similar manner as a Grand Jury report or a financial audit. Unlike these documents, MSRs do not investigate malfeasance when there is a question of misconduct on the part of the agency or of its

representatives, nor do they analyze a District's finances as intensely or with as much scrutiny as an audit.

GDPUD MSR Timeline

GDPUD has been studied twice through the MSR process; the first MSR was adopted by the Commission in March 2008; the second MSR was adopted recently in May 2012. The first MSR was prepared by an outside consultant and contained a recommendation that the Commission shrink the GDPUD SOI by removing land east of the District designated as Natural Resource. The Commission considered this recommendation along with other factors and opted to reaffirm the existing SOI. The existing SOI was reaffirmed again last May as a result of the second MSR.

The upcoming Third Cycle MSR Project Plan, adopted by the Commission at its February 27 meeting (Attachment A), is based on an 8-year cycle for 2013-2021. According to the project plan, GDPUD is not scheduled to be reviewed again until fiscal year 2020-21.

The Commission has the discretion to direct staff to update the GDPUD MSR as a priority during the current (second) MSR cycle, or to amend the adopted Third Cycle Project Plan to schedule GDPUD's MSR/SOI earlier than the FY 2020-21 date. As was reported to the Commission at the February meeting, staff is currently working to complete the MSRs scheduled for FY 2010-11 in the second cycle of MSR reviews.

GDPUD MSR Scope

In March 2010, LAFCO held a MSR/SOI Workshop to discuss funding for the potential outsourcing of the second round of MSRs. Direction from the Commission was for LAFCO staff to update the comprehensive inaugural cycle of MSRs with new or current information to comply with state law. In addition, because MSRs are an unfunded mandate from the State Legislature, the direction also was not to spend a considerable amount of staff time redoing the reports. As such, the second cycle MSRs are in the process of being updated with the most recent district financial information, capital improvement plans, operations and management information; however, more controversial information such as board member division and political issues have not typically been included in the reports because the Commission's opinion has been that those are internal district issues better suited for the Grand Jury to investigate. Again, the Commission has the discretion to direct staff to expand the scope of analysis for the next GDPUD MSR to include these more controversial issues for a more intense level of analysis.

Attachments

- Attachment A: Third Cycle MSR/SOI Project Plan, adopted February 27, 2013
- Attachment B: 20011-07 Final GDPUD MSR/SOI, adopted May 23, 2012