San Francisco LAFCo Studies Community Choice Aggregation Plans

By Gloria L. Young, San Francisco LAFCo Executive Officer

The San Francisco Local Agency Formation Commission (SF LAFCo) is unique -- it is the only City and County in the state with the same boundaries. Instead of addressing issues such as annexations, special district formations, and incorporations, SF LAFCo has undertaken several projects related to pursuing public power and other opportunities for providing efficient energy supplies to its residents and businesses at affordable rates.

Since its inception in 1999, SF LAFCo has initiated various studies addressing energy services, electric feasibility, community choice aggregation, and electric financial feasibility. It has held numerous public hearings on tidal energy, desalinization, renewable energy, conservation, and joint meetings with members of the California Public Utilities Commission (CPUC), Sacramento Municipal Utilities District, and other energy experts. There is a current Request for Proposal for a Valuation of Pacific Gas and Electric’s (PG&E) Electrical Transmission and Distribution Facilities.

One study in particular, AB 117 Community Choice Aggregation (CCA), was commissioned by SF LAFCo in 2003 and forwarded to the San Francisco Board of Supervisors to pursue. In May 2004, the Board of Supervisors adopted legislation which was drafted by Tom Ammiano, a member of the Board of Supervisors and SF LAFCo. It requested that the San Francisco Public Utilities Commission (SFPUC) and other appropriate city departments prepare a Community Choice Aggregation Implementation Plan.

CCA is a program established under a 2002 State law authored by then Assemblywoman Carole Migden in response to California’s energy crisis. Under CCA, the City and County of San Francisco would become an electricity purchaser for residents and businesses currently served by PG&E. PG&E would still provide electricity transmission and distribution services, as well as meter reading and customer billing functions. Customers who do not want to participate in the City’s CCA program would have an opportunity to opt-out and remain a full customer of PG&E.

CCA presents significant opportunities for the City to increase the use of renewable energy while maintaining reasonable prices for the electricity supply. The CPUC is charged with developing the operating rules for CCAs and implementation plans must be submitted to that body.

The implementation plan must provide:
- Scope and organization of the CCA
- Ratesetting mechanism and costs to participants

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FROM THE EXECUTIVE DIRECTOR

No Shortage of Issues on the Horizon

In June the CALAFCO Board of Directors held a two-day strategic retreat and meeting. It gave the Board and staff an opportunity for a rich discussion on current issues and opportunities facing LAFCos. The perspectives Board members brought as Commissioners from urban, rural and suburban LAFCos were enlightening.

Subjects discussed included:
♦ Agriculture and open space preservation
♦ Accommodation of affordable housing and growth
♦ Transportation and infrastructure
♦ Sustainable and orderly growth, including infill
♦ Water availability
♦ Indian Gaming: Its impact on local services and orderly growth
♦ Local Government Finance: Ability of local agencies to provide services

Two, in particular, have emerged over the last few months as issues with statewide LAFCo significance.

Accommodation of Housing and Growth

Three separate conversations on housing and growth policies are currently underway in various forums around Sacramento:
1) Resources Secretary Mike Chrisman is chairing a CEQA Improvement Advisory Group.
2) President Pro Tempore Don Perata has initiated discussion on infill housing legislation.
3) League of Cities and the Building Industry Association are collaborating to develop legislation and policies which encourage the creation of more affordable housing.

Most of the efforts are designed to streamline processes and lower costs for the construction of affordable housing. Among the goals of these three major efforts are: relaxing CEQA regulations; encouraging infill housing; increasing densities in urbanized areas; more focus on regional processes such as extended periods for local planning for Regional Housing Needs Allocation (RHNA) numbers; adding more certainty to development projects; and providing financial mechanisms for enhanced planning, infrastructure needs, and municipal services.

These are all in various stages of discussion, and none has culminated into any final legislative form. CALAFCO has been invited to participate in some of the discussions, and several CALAFCO Board members will be visiting with BHT Secretary Sunne McPeak later this month to discuss these and related topics.

Many will help advance LAFCo goals of orderly growth, resource preservation, and efficient local services. In some cases LAFCo may be a resource—or a required participant—in proposed solutions. Sphere reviews, MSRs, island annexations, and out-of-agency service approvals may be just a few examples.

It is also opening the question of how to coordinate the work of neighboring LAFCos, particularly where multi-county Councils of Governments are playing a greater role in growth decisions.

CALAFCO’s efforts have been to identify where LAFCos should be involved in processes and decisions and to align potential solutions to be consistent with Cortese-Knox-Hertzberg. A number of meetings are planned for August, and we will likely see more formalized proposals this fall.

This is certain to be a hot topic in the legislature later this fall as all of us grapple with solutions to this complex problem.
TRACKS Around the State

ALAMEDA
With our first county-wide municipal service review (MSR) under our belt (Volume I - Public Safety Services covering fire, police, health and emergency medical), Alameda LAFCo has embarked on our second and most complex review. Volume II covers Utility Services (water, wastewater, flood control, solid waste and resource conservation).

The mammoth report (700 pages) is currently in draft. Our consultants recently shared with the Commission some of the key initial findings (i.e., minor boundary irregularities, options for facility sharing, options for service regionalization). Our Commission was engaged and had numerous questions. They also requested a map overlay and related analysis of water and wastewater services as compared to the Measure D boundary – Alameda County’s Save Agriculture and Open Space Lands Initiative approved by the voters in 2000. Once again, the MSR process has been eye-opening and an exceptional opportunity to work with our cities, districts and other shareholders.

Submitted by Lou Ann Texeira, Executive Officer

SAN BERNARDINO
To no one’s surprise, San Bernardino LAFCO has experienced an increased workload of changes of organization, having received 31 proposals (which included 58 changes) during the Fiscal Year, along with 21 out-of-agency service contracts. We have also initiated 40 service reviews/sphere updates for the region identified as our "North County" area which includes the general Victor Valley/Barstow area.

However, taking a brief respite from this torrid pace of activity, the Commission at its July 20th hearing had the opportunity to honor Clark Alsop upon his 30-year anniversary as Legal Counsel for the Commission.

Submitted by Kathleen Rollings-McDonald, Executive Officer

SANTA CRUZ
Santa Cruz LAFCo has released the public review draft of its Countywide Service Review. This service review addresses municipal-type services in all areas of the county in one document. The annual budgets of the services exceed $240 million—approximately $920 per capita.

In Felton, a community of 3,500 people in the Santa Cruz Mountains, the voters are voting on an $11 million Mello-Roos bonds for public acquisition of the investor-owned water system that serves the community. July 26 was the deadline for mail ballots to be returned to the County Elections office. The measure needs a 2/3rds vote to pass.

Submitted by Pat McCormick, Executive Officer

SAN DIEGO
LAFCo Initiates Reorganization of 28 Fire Protection Agencies

In 2005, the San Diego LAFCo completed a comprehensive Municipal Service Review (MSR) of Fire Protection and Emergency Medical Services covering 28 fire districts serving the unincorporated portion of the County of San Diego.

The unincorporated region was selected as the focus of the MSR because that is where the fire protection and emergency medical needs are the greatest and the services are the most fragmented. Unincorporated San Diego County consists of approximately 2.3 million acres; more than 41 percent is not within an agency that provides structural fire protection or emergency medical services. Almost 90 percent of the 2003 wildfires occurred in this region.

The population is forecast to grow from 469,493 to a staggering 682,793 people within 25 years. Population growth and the increased risk of fires have intensified the need to examine the effectiveness of the 28 separate agencies responsible for structural fire protection over this great expanse of territory in San Diego County.

The MSR process began in early 2003, and an accelerated schedule was soon implemented after the devastating wildfires in October 2003. These wildfires swept through significant portions of both urban and rural areas resulting in the destruction of 2,454 residences, 24 commercial properties, 578 outbuildings, and 148 vehicles, plus damage to 63 residences and 15 outbuildings.

Continued next page
San Diego Fire Reorganization
(continued from Page 3)

The fire consumed approximately 376,300 acres and firefighting costs were estimated at $45 million. There were 17 deaths and 145 injuries.

Although the focus of the MSR was on the unincorporated region, the MSR also addressed fire protection services provided by over 40 other entities, including 18 cities, federal, state, and military agencies, plus tribal and volunteer organizations.

On February 7, 2005, the San Diego LAFCo approved the MSR and utilized the MSR determinations as a basis for initiating the reorganization of the 28 fire districts serving the unincorporated area. The initiation of the reorganization proposal has resulted in a subsequent and more detailed examination of macro- and micro-level financial and service issues. The macro-level review is currently underway and will contain an appraisal of different service delivery and organizational options for improving fire protection services.

Work will commence on the micro-level report in 2006 after the San Diego LAFCo and the San Diego County Board of Supervisors jointly identify long-term stable funding sources to adequately sustain a regional fire protection system.

Submitted by Mike Ott, Executive Officer

THE LEGAL CORNER

AG Issues Opinion on Fire District ERAF Shift

On June 7th, 2005, the Attorney General’s Office issued an opinion on the question of ERAF shifts of property tax when the county board takes over governance of a fire protection district.

Dennis Marshall, County Counsel of Fresno, had requested an opinion on the following question:

“Would a change in the governance of an existing fire protection district, to have the county board of supervisors sit as the district’s board of directors, affect the amount of property tax revenues that must be shifted from the district to the Educational Revenue Augmentation Fund?”

AG Concluded No Effect

A change in the governance of an existing fire protection district, to have the county board of supervisors sit as the district's board of directors, would not affect the amount of property tax revenues that must be shifted from the district to the Educational Revenue Augmentation Fund.

For more information on this or other AG opinions, visit the Attorney General’s website at http://caag.state.ca.us/opinions/index.htm. The Attorney General’s opinion number is 04-808.

CALAFCO Certified for MCLE Credit

Good news for attorneys looking for required continuing education credits! In July, the California State Bar certified CALAFCO as a provider of Minimum Continuing Legal Education (MCLE) credits. As part of the annual conference and staff workshops, attorneys will now be able to earn MCLE credits.

For attorneys attending the Annual Conference in Monterey, 1.5 hours of MCLE is available by attending the various special sessions examining legal issues. For more information, contact CALAFCO Counsel Clark Alsop at calsop@calafco.org.

CALAFCO Member Services

UPDATES, NEW RESOURCES HIGHLIGHT WEBSITE

Have you visited the CALAFCO website recently? If not, check out all the improvements and additions.

Over the last few months CALAFCO staff have updated links and added new pages and resources.

Click on the Publications page for on-line copies of The Sphere, an updated Membership Directory, and the all-new Associate Member Directory.

There are also new links on the Resources page, including materials from the 2004 Annual Conference.

And there’s more coming! Watch for new legislative reports and other on-line resources in the next few months.
San Francisco Energy Plans  
(continued from Cover)

♦ Benefits
♦ Ability to meet or exceed the renewable portfolio standard required by PG&E.

The plans must also address:
♦ Whether third parties will provide service
♦ Functions, if any, that should be performed by other entities including Electric Service Providers (ESP)
♦ Termination of the program.

In March 2005, SF LAFCo Chairperson Ross Mirkarimi requested that the SFPUC prepare a draft CCA Implementation Plan for the Commission’s review. The SF LAFCO received two CCA Implementation Plans, from the SFPUC and Local Power. The Commission has held several meetings to provide an opportunity for members of the public to comment on the plans.

SFPUC’s Draft Implementation Plan discusses all the ramifications of developing CCA in San Francisco, including a wide range of economic and organizational scenarios. The Plan also describes the ongoing proceedings before the CPUC. Local Power’s Draft Implementation Plan provides a full description of the measures to be achieved by the City’s CCA Program and the elements of the City’s Plan to implement the CCA.

SF LAFCo has submitted Local Power’s Draft Implementation Plan to the Board of Supervisors for its review and adoption. SF LAFCo is also continuing to review the CCAIP with both SFPUC and Local Power in order to make amendments to the Plan submitted to the Board of Supervisors.

The proceedings of the SF LAFCo meetings can be seen on video by demand at www.sfgov.org/sfgtv.

Editor’s Note: The 20 July 2005 San Francisco Bay Guardian carried an editorial claiming that as a result of SF LAFCo’s public power feasibility study, PG&E launched a “sneak attack” to pressure the Board of Supervisors to eliminate LAFCo funding. According to the editorial PG&E urged local non-profits to write the Board and ask that the funds be diverted to other city services.

Data Deadline

For the next issue of
The Sphere

15 October 2005
Submit articles and photos to wchiat@calafco.org

Attention Executive Officers

Feeling left out or ignored?
It might be because you’re not getting your CALAFCO e-mail!

Spam-blockers at many internet hosts—particularly county hosts—can filter out important CALAFCO e-mail.

Be sure to notify your IT administrator to allow e-mail from calafco.org (particularly eo@calafco.org, clerks@calafco.org, calafco@calafco.org, and wchiat@calafco.org).

Also, let us know if your e-mail address changes!

CALAFCO Board of Directors

Board Holds Annual Strategic Retreat

The CALAFCO Board of Directors held its annual strategic retreat on July 23rd in Sacramento. Staff is currently drafting a summary of the priorities established by the Board. These will be presented and discussed at the Board’s next meeting on September 9th.

Six priority outcomes were established. They include:

1. CALAFCO University – Provide expanded educational opportunities for members and for those who interact with LAFCos.
2. Member Resources – Enhance services and resources to expand the capacities of member LAFCos.
3. Financial Stability – Reassess dues and other income streams for sustainability of organization and ability to expand services.
4. Legislative Agenda – Continue to grow CALAFCO legislative presence, reliable reputation, and influence in Sacramento.
5. Outreach Efforts – Build and expand relationships with peer associations, the public, and key organizations.
6. Share and Compile Data from LAFCos – Develop and maintain database of statewide statistics and findings from member LAFCos.

More details on each of these priorities will be available as the Board determines specific strategies and funds.

The Board of Directors next meeting is Friday, September 9th, from noon to 2:00 p.m. following the Annual Conference. The meeting will be held in the Portola Plaza Hotel Board of Directors Room.
In June, the Public Policy Institute of California (PPIC) released “CA 2025,” a comprehensive study of the major trends and forces that will shape California in the next two decades. The project was supported with funding from the William and Flora Hewlett Foundation.

“One of the limitations of the political climate in Sacramento today is that what’s in crisis now is often what gets the attention. Meanwhile, critical decisions that will shape California’s future get pushed to the back burner,” says Mark Baldassare, PPIC’s director of research. “This report shows that, while we haven’t reached a crisis point yet, now is the time to start asking the right questions—and the tough questions—so we can tackle the complex, long-term challenges that will determine the future of the Golden State.”

CA 2025 identifies a number of challenges, opportunities, and a few surprises about the future of the state. On the positive side—and contrary to some common assumptions—the state isn’t going to grow as fast as in the past or as much as expected. In the last decade, California has actually spent as much per capita on infrastructure as the rest of the nation.

Not only is the economy going to grow, but it is going to continue a shift to industries that put less pressure on water, roads, and energy resources. Besides that, there are options and mechanisms in place for managing ever-increasing demands for education, water, and transportation.

But All is Not Rosy

The state wasn’t able to keep up with the phenomenal population growth of the previous two decades and has a serious physical infrastructure backlog. Even though growth won’t be as great over the next two decades, the state will be adding a population the size of Ohio’s—the nation’s sixth largest state.

Some of the findings include:

♦ Population growth and change: By 2025, the state will add 8 to 10 million new residents. Whites will account for a third of the population and Latinos for nearly half. By 2025, almost a third of the population will be foreign-born. The percentage of children won’t change much, but the number of college-age residents will increase dramatically, peaking in 2015. One in seven Californians will be over age 65.

♦ Economic growth and demand for education: Employment will reach almost 20 million jobs by 2020, and the economy will continue to shift from manufacturing to service-related industries. Although these industries put less pressure on some infrastructure, they will increase the demand for more-educated workers. The kinds of service-related industries that will grow the most require a highly educated workforce. The percentage of jobs requiring a college degree is expected to rise to 39 percent, but only 33 percent of California workers are projected to have that degree.

♦ Water resources: In 2000, California used about 83 million acre-feet (maf) of water for all purposes. By 2030, population growth could increase demand by as much as 3.6 maf. Another 1 maf will be needed for wildlife protection. California must also reduce its use of Colorado River water by 0.8 maf. The state has numerous supply and demand management options to meet water demand growth. The state’s biggest water funding challenge is for environmental restoration projects.

♦ Transportation: The picture is grimmest for transportation. Congestion will cause travel time in the state to increase by 48 percent by 2025. From 1980 to 2000, highway lane miles driven increased 87 percent but the state added only about six percent to its stock of highway lane miles. From 1965 to 1980, real capital outlay per vehicle-mile traveled declined by 79 percent. California continues to spend less per capita than the rest of the country.

“We hope to use this study as a launching pad for a statewide discussion that begins with this simple question: ‘What kind of California do you want?’” says Baldassare.

The full research is available online at www.CA2025.org.

PPIC is a private, nonprofit organization dedicated to improving public policy through objective, nonpartisan research on the economic, social, and political issues that affect Californians.
LOS ANGELES COUNTY
By the (really big) Numbers

By Larry Calemine, Los Angeles LAFCo Executive Officer

Los Angeles County is home to 10.2 million people, or 28% of the entire state’s 36.8 million population. The County is home to 88 cities and 92 special districts. Needless to say, when it comes to preparing Sphere of Influence Updates (SOI) and Municipal Service Reviews (MSR) of 180 local agencies, we are talking a whole lot of numbers and a whole lot of work to accomplish.

Unlike the Biblical Geneses: In the beginning, the re-creation of the LAFCo world of Cortese-Knox-Hertzberg regarding the SOI and MSR requirement started with confusion, delay and despair. The written word from the collective creators, as directed, required further clear definition from the collective creator’s arch angels known as the Cloud of the Office of Planning and Research.

Certainly, while being a bit late, they made everything very clear and understandable.

Moving right along, Los Angeles County is a land mass containing 4,084 square miles. The LA LAFCo determined that it would need to implement an approach of setting defining regional lines, based upon the County’s nine main watershed drainage areas, and then make determinations by specific local agency within that region. All local agencies providing services in each of those specific regional areas are included in the SOI and MSR reports for that specific region. Included in each Regional MSR is reference to a consolidated SOI/MSR report previously prepared for each of the 25 countywide non-backbone or non-essential special districts such as mosquito abatement, cemetery, and garbage disposal.

A database has been created that contains responses of up to four separate Requests For Information (RFI) per agency. The nearly 500,000 bytes of information contained in the data base is being used by both consultants and staff in the preparation of the Draft MSR’s and SOI’s. Sharing of the information contained in our data base has also helped to reduce our consultant costs.

By using a combination of staff and consultants, the work flow has been steady and the resultant reports have been accurate and complete. The Los Angeles LAFCo is pleased to report that we have, as of this writing, completed 118 of its 180 local agency Sphere of Influence Updates and Municipal Service Reviews. Our target date for completion of all 180 agencies is February 2006.

Bottom line: Through this process we have become up close and personal with all of our local agencies and that’s a good thing.

Welcome and Thank You
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HIGHER EDUCATION

Who Should Pay for Off-Campus Costs?

California colleges battle local cities, counties in court

By Charles Burress and Tanya Schevitz, San Francisco Chronicle Staff Writers

Sunday, July 10, 2005
Reprinted with permission of The Chronicle

What began as a dispute over who should pay for road improvements in Monterey County has become a pivotal court battle pitting the state's cities and counties against an equally powerful array of public colleges and universities.

At stake when the state Supreme Court rules is who should pay for new off-campus costs -- such as local transportation and firefighting improvements -- that are required when public colleges decide to expand.

From San Diego to Davis, it's an issue that has bred increasingly fractious conflicts as campuses grow and public funds shrink.

The schools have traditionally maintained that they are not responsible for those costs and point to the overall economic advantages a city gains from being home to a college campus. In addition, the universities say they are legally obliged to spend taxpayer dollars only on their educational mission or other expenses explicitly authorized by state legislators.

The city of Berkeley recently settled its so-called town-gown dispute with the University of California, which agreed to double the $600,000 in fees it "voluntarily" pays the city each year. But similar disputes have raged elsewhere, such as in Rohnert Park, where fire district officials were rebuffed in their efforts to get Sonoma State University to help pay for emergency calls from students -- many related to alcohol poisoning.

No one knows how broadly the high court will rule, but anxiety is running high because potentially hundreds of millions of dollars are on the table.

"I'm waiting on pins and needles," said attorney Mary Hudson, who represents the local governments that are suing California State University trustees in the Monterey County case.

"There is a lot at stake," agreed Christine Helwick, general counsel for CSU. "You can marshal a good emotional argument on either side of the issue."

If cities and counties are left footing the lion's share of the costs, that could mean less police protection, longer wait times for fire engines, and less medical care and social services for the poor. If universities have to pay substantially more, the result could be fewer college classes, more poor youth denied opportunities, and less attractive salaries in the fierce competition for top professors and researchers.

The Monterey County case centers chiefly on the millions of dollars needed for widening Highway 1 and other transportation enhancements for the growing Cal State Monterey Bay campus. The 11-year-old campus is the largest occupant of the Army's abandoned Fort Ord, once the largest military base on the West Coast.

The case went to court in 1998 when California State University balked at the amount assessed by the local communities acting through the Fort Ord Reuse Authority, which oversees the base conversion. The primary issues were road and transportation improvements. Increased firefighting costs also were contested.

The two sides don't even agree now on how much CSU was asked to pay. CSU attorney Helwick said it was $20 million, while Reuse Authority chief Michael Houlemard Jr. said it was originally $13 million in 1997 and between $15 million and $16 million today.

The suit is known in city halls and college administration buildings as the "Marina case," shorthand for City of Marina and Fort Ord Reuse Authority vs. Board of Trustees of the California State University.

The university lost in Monterey County Superior Court but won its appeal on a 2-to-1 decision from the state Court of Appeal in 2003. The Supreme Court granted review the same year. The high court has not yet held a hearing on the case.

"If we lose, the city of Marina will submit us a bill for $20 million," Helwick said. "Every time we talk about doing something, we will be hit with a local cost. That will add to the cost of a project. We will not be able to proceed with providing the facilities for the next generation of college students because there will not be the funds to do it."

Both sides see the eventual Supreme Court decision as a potential landmark ruling that could redefine the constitutional sovereignty of public universities.

It's a dispute wrapped, in part, in the esoteric legal world of California's Environmental Quality Act, known as CEQA. That law imposes certain requirements on private and public developers alike to address mitigations to the adverse effects of their projects. In other words, it allows cities and counties to require developers to pay for mitigation measures, such as road improvements.

The state Constitution, meanwhile, gives universities and other public agencies specific exemptions from property taxes, a protection that has been broadened to cover various kinds of fees and assessments. To complicate matters further, the Government Code says some assessments in the form of fees can be imposed on campuses, such as for a fair-share use of water, sewer, electricity and garbage services.

Continued on next page
"The laws are in conflict," said Houlemard, head of the Fort Ord Reuse Authority. "The court cases haven't been consistent."

Houlemard has been on both sides of the dispute. He previously oversaw planning and land development at UC Santa Cruz. "You have to say the university is or isn't subject to CEQA."

The Court of Appeal ruling set off alarm bells for cities and counties because it agreed with CSU's contention that the mitigation payments would have infringed upon university sovereignty under the state Constitution and amounted to an illegal "gift of public funds" intended for education. Cities and counties fear what they see as the appeals court agreeing that the state's environmental protection law, CEQA, is trumped by the immunity from assessments granted to universities and other public agencies.

"The practical consequences of interpreting CEQA in the manner advocated by CSU would be devastating," said the League of California Cities and the California State Association of Counties in a joint friend-of-the-court brief filed with the state Supreme Court.

CSU counters that the cities would "improperly use CEQA as a bludgeon to enforce an unconstitutional assessment against the university."

At the same time, campuses are expanding to absorb growing numbers of students.

College enrollment in California is forecast to swell by more than a third in just eight years, to nearly 3 million students, according to the California Postsecondary Education Commission. The university college system alone "might need to expand its physical capacity as much as 50 percent," the commission said in a March report.

"While this issue was kind of an underrun for several years, it has really been brought to a boil by the Marina case," said Kevin Sullivan, an attorney for the Grossmont-Cuyamaca Community College District in San Diego County.

That college district won a Superior Court decision in May in a suit filed by the county over who will pay for impacts caused by the district's expansion plan.

The shadow of the Marina case hangs over the city of Davis, too. A similar suit, filed by Davis residents against the growing UC Davis campus, is pending before the state Court of Appeal. At issue are the effects of the campus' proposed "West Village" community, the biggest development ever undertaken by the campus, where enrollment is growing rapidly and currently stands at 30,000.

The project could house 4,350 students, faculty and staff on 224 acres, along with a village square, a new high school and a community college branch.

Among host community complaints is getting stuck with paying for the impacts of expansions that are not subject to local planning controls. "The surrounding communities have literally no say in the expansion," said Don Mooney, attorney for the West Davis Neighbors, which has sued UC Davis.

As for UC Davis' ability to help pay for mitigating effects of the development, the campus' growth plan says the issue may hinge on the outcome of the Marina case.

University campuses by and large agree that their developments have impacts off campus, and many are working cooperatively with their host communities to offset them. Some even agree to pay money. But, they stress, such contributions are voluntary and cannot be compelled.

"The university has always proposed feasible mitigations to its environmental impacts, whether on campus or off campus," said UC spokesman Trey Davis. "At times, those mitigations have included financial payments where appropriate." He cited the Berkeley settlement as an example.

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For more information, please visit www.calauco.org/associatemembers
No Shortage of Issues
(continued from Page 2)

Fiscal Viability of
Independent Special Districts

Several factors are converging to place an unprecedented strain on the fiscal resources of some independent special districts. The result is a threat to their ability to maintain the level and/or quality of services expected by their constituents and/or mandated by state laws.

The current dilemma appears to result from a timely intersection of several significant causes: 1) ERAF III has shifted scarce property tax revenues from districts; 2) long-term reluctance of residents to increase rates and assessments; 3) inefficient economies of scale (often because of the limited size of the service area); 4) increased cost of doing business, particularly PERS and workers’ compensation insurance; 5) poor maintenance of infrastructure; and 6) increased complexity of operations, regulations, and requirements and the associated mandatory fines for noncompliance.

Often there are few places for a district to turn for help. Traditional animosities among local governments challenge collaborative solutions. Some LAFCOs have noted potential problems as part of their Municipal Service Review process. In other cases districts are approaching their LAFCo for assistance. However, consolidations or reorganizations (the tools of LAFCo) may not be desired or the appropriate solution.

Potential outcomes are significant. Failed fire districts would leave residents without structural fire protection. Failed water or wastewater districts—besides creating a potential public health problem—could ultimately burden financially-strapped counties with another service requirement without the necessary funds to provide it. All this within a political system that makes increases in assessments, fees and taxes burdensome, if not prohibitive.

Solutions are not readily apparent. And any solution from Sacramento is unlikely. CALAFCO has initiated a statewide dialogue among LAFCOs as well as other state associations to better define the issue and potential solutions.

Taking a lead in the efforts, Marin LAFCo Executive Officer Peter Banning began a data collection process last month with all LAFCOs to get a better foundation to the extent of the issue. We hope every LAFCo will respond to Peter’s survey so we can get a clear idea of the extent and composition of the problem. Results from the survey and ongoing discussions will be reported in the future.

Conference Sessions

Learn more about these current issues at various sessions during the CALAFCO Annual Conference in Monterey.

Hot off the Press

NEW RESOURCES
FOR LAFCo

Three new reports of interest to Commissioners and staff have been published by the Public Policy Institute of California.

Water for Growth:
California’s New Frontier
By Ellen Hanak

California’s population is expected to add another 14 million people by 2030, reaching a total of 48 million. One of the most serious concerns of policymakers is whether the state will be able to supply the water needed to sustain such a population.

Although many large water projects in the past were undertaken with state and federal leadership, most current options are local or regional in scope. The frontline agencies responsible for water supply are the hundreds of municipal utilities serving the state’s residential and commercial customers.

The report examines how well California is faring in meeting the water supply challenges of growth and the extent to which local governments are integrating water supply concerns into their land-use planning. The report evaluates progress in implementing the new “show me the water” laws, SB 610 and SB 221, which require up-front screening of water availability for development projects.

Special Survey on the
Environment, July 2005
By Mark Baldassare

The 57th Statewide Survey on the Environment was issued last month by the PPIC. The current survey focuses in particular on public perceptions, policy preferences, and personal choices relating to air quality and energy-related issues.

Some of the survey findings

• 86% of California adults believe that global warming will affect current or future generations. 57% believe the effects are already being felt.

• 62% identify human activities as the primary cause of global warming. Only 22% say naturally occurring increases in temperature are responsible.

• More residents trust state government (52%) than the federal government (43%) to provide correct information about the condition of the environment.

• A majority of state residents (56%) oppose new oil drilling in federally-protected areas such as the Alaskan wilderness and remain opposed (53%) to allowing more oil drilling off the California coast.

California 2025: Taking on the Future
Ellen Hanak and Mark Baldassare (eds.)

There is growing concern that rapid population growth and repeated budget shortfalls have brought California to a state of disrepair that could soon become a state of emergency. PPIC undertook a study to see whether the state is facing a growth and infrastructure crisis, how big the problems are, and how to think about planning for the future. This report presents the findings of that study. It concludes that we haven’t reached a crisis—yet—but some trends and forces make it imperative to begin systematic, well-informed planning. Otherwise, the future California gets by default may not be the future residents want for themselves and their children.

All three publications—along with a wide variety of other excellent resources—are available as free downloads from the PPIC site at: www.ppic.org.
In August 2005, the Riverside LAFCo is expected to act on a proposal that would have been unthinkable just a few years ago—the voluntary dissolution of the Murrieta County Water District.

Murrieta County Water District was formed in 1963 but was inactive until 1981, when it assumed the assets and functions of the Murrieta Mutual Water Company. A relatively small district, it serves approximately 2000 connections in a rapidly developing, six square mile portion of the City of Murrieta. Connections are expected to increase to between 12,000 and 14,000 by 2020. Although reorganization options have been suggested since the 1980s, they almost always originated from outside the community and have always met with fervent resistance from the Board of Directors and the community that it serves. Past efforts never resulted in a proposal before LAFCo.

The subject of consolidation/dissolution was initially raised by residents in response to localized water quality issues, high copper content manifesting itself in blue rings in baths and toilets. During the first half of 2004, reorganization options became an increasingly frequent topic of discussion among the MCWD Board of Directors and the community. Although the water quality problems were later attributed to alleged (litigation pending) construction defects, reorganization discussions gained momentum.

In July 2004 an ad hoc committee of Board Members from MCWD and Western Municipal Water District was established to explore the potential for consolidation/dissolution. WMWD is a large regional member agency of the Metropolitan Water District of Southern California that provides both wholesale imported water and retail service to much of western Riverside County. MCWD is almost entirely within the boundaries of WMWD. The ad hoc committee recommended to the two Boards the formation of a Blue Ribbon Advisory Committee (BRAC) composed of community members.

The BRAC began meeting in November 2004 and over the next several months gathered information from staff and consultants on a variety of topics including district operations, groundwater, infrastructure, future demand and supply, staffing, rates, bonds and other fiscal issues. An increasingly important concern was the District’s ability to meet future needs with the resources of a small district. The BRAC considered reorganization options involving four different water agencies. In April 2005, the BRAC issued its final report and recommendation to the MCWD Board, calling for ‘final negotiations’ to merge with the Western Municipal Water District. Of particular note in the BRAC report was the following statement: “The Blue Ribbon Advisory Committee began this process with differing points of view representing the various residents within the District. Through the education process, analysis, and open discussion, a consensus has been reached.”

Concurrent with these efforts, LAFCo’s own Water and Wastewater Municipal Service Review (MSR) was also being prepared. The Public Review Draft, issued in fall of 2004, recommended exploration of reorganization of MCWD with WMWD or Rancho California Water District, an adjacent agency.

Staff and consultants from WMWD and MCWD worked extensively over the last several months, with occasional input from LAFCo staff, toward the goal of a seamless transition of service in the event the dissolution came to fruition. Toward that end, the two District Boards, in addition to adopting joint resolutions of application in April 2005, executed a “Transition Agreement” to guide the transfer of assets, obligations, staff, etc., upon dissolution. The Transition Agreement represents a model for cooperation among public agencies.

The joint application and accompanying plan of services prepared by district staff reflect all the work that went before it. A cornerstone of the proposal is the establishment of the MCWD service area as a separate cost center. Although the MCWD residents will carry their own weight, they will reap benefits of a larger district. WMWD will be able to front anticipated short term capital shortfalls from its reserves, thus avoiding higher proportional borrowing costs sometimes associated with smaller agencies. Payback will occur with future connection fees. It is fully expected that the dissolution, from a service perspective, will be an unqualified success.
2005 Annual Conference in Monterey

It's almost here! The 2005 CALAFCO Annual Conference is scheduled for September 6-9th at the Portola Plaza Hotel in Monterey. As of publication time, over 200 commissioners, staff, and others have already registered.

Conference sessions will highlight agriculture on the urban edge, LAFCo roles in regional growth and housing plans, sustainability of special districts, and trends in water management. Also featured are sessions designed to help commissioners improve LAFCo operations, including Changing Hats: An introduction to LAFCo for commissioners and staff.

Additional features include our first Mobile Workshop, taking participants to the field to see the work of LAFCos in action. CALAFCO will hold its annual business meeting and election of Board members during the conference as well as hosting several Commissioner networking breakfasts on Thursday and Friday.

Participants will also enjoy the first annual Wine and Beer Competition on Tuesday evening and the CALAFCO Gala at the Maritime Museum on Wednesday evening.

Registration and hotel information is available at the CALAFCO website.

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First Annual CALAFCO Wine & Beer Competition
Tuesday, September 6 from 6-8 p.m.
Come sample and judge the best wines and beers from around the state.

LAFCos — Enter your Best!
Bring one case of beer or wine to enter, which exemplifies the best of your county.

The Sphere
CALAFCO Newsletter
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