



Local Agency Formation Commission of Napa County
Subdivision of the State of California

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Agenda Item No. 8a (Discussion)

May 31, 2011

TO: Local Agency Formation Commission

FROM: Keene Simonds, Executive Officer

SUBJECT: Report on California Forward

The Commission will receive a report from staff summarizing the efforts of California Forward to restructure governance relationships and duties throughout the state. This includes potential changes to the function and task of LAFCOs. The report is being presented for discussion in anticipation of staff submitting a formal comment letter.

Local Agency Formation Commissions (LAFCOs) are political subdivisions of the State of California responsible for administering a section of Government Code now known as the Cortese-Knox-Hertzberg Local Government Reorganization Act of 2000 (“CKH”). LAFCOs are located in all 58 counties and are delegated regulatory responsibilities to coordinate the logical formation and development of local governmental agencies and municipal services. Specific regulatory duties include approving or disapproving proposals involving the establishment, expansion, and reorganization of cities and special districts. LAFCOs inform their regulatory duties through a series of planning activities, namely preparing municipal service reviews and sphere of influence updates.

A. Background

California Forward (“CAFWD”) is a non-profit organization formed in 2007 dedicated to restructuring governance relationships and duties throughout the state. Funding for CAFWD is principally drawn from the California Endowment, Evelyn and Walter Haas, Jr. Fund, William and Flora Hewlett Foundation, James Irvine Foundation, and the David and Lucile Packard Foundation. CAFWD’s adopted mission is as follows:

“Work with Californians to help create a "smart" government – one that’s small enough to listen, big enough to tackle real problems, smart enough to spend our money wisely in good times and bad, and honest enough to be held accountable for results.”

B. Discussion

CAFWD’s advocacy efforts have evolved recently and the organization is now working in the direction of drafting a statewide ballot initiative with the goal of qualifying for the general election in November 2012. Underlying the initiative effort is implementing CAFWD’s “Smart Government Framework;” a cascading agenda aimed at restructuring

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the governance relationship between the State and local agencies. This includes orienting the State's general fund expenditures to focus on achieving five priority outcomes: increased employment, improved education; decreased poverty; reduced crime; and improved health. The Smart Government Framework also takes aim at shifting more fiscal authority to local agencies with respect to certain services, such as health and human services. Accomplishing this reform is predicated on CAFWD's five draft proposals identified in short-form as 1) focusing on outcomes, 2) aligning authority with responsibility, 3) adjusting the State role, 4) fostering regional collaboration, and 5) encouraging integration and consolidation. Markedly, the latter draft proposal involves two potential implementing options, both of which would affect – directly and indirectly – LAFCOs. Option "5a" would require LAFCOs to work with their regional councils of government (COGs) in standardizing data collection in municipal service reviews with particular emphasis on exploring consolidation opportunities. Option "5b" would create a new independent commission to conduct studies on local governmental services and efficiencies with particular emphasis on exploring consolidation opportunities.

C. Analysis

There is general consensus among nearly all LAFCOs that CAFWD's Options 5a and 5b are problematic as currently drafted given – albeit to different degrees – they would significantly affect LAFCOs' authorities and responsibilities. Option 5a would potentially muddle the municipal service review process by requiring collaboration with COGs; collaboration staff believes may lead to mission conflict given LAFCOs are governmental agencies tasked with serving the interests of the general public while COGs are joint-powers tasked with serving the interests of their member agencies. Option 5a would potentially pose even greater challenges to LAFCOs given it would create a new statewide commission tasked with performing the same duties in terms of examining the merits and options for local government consolidations.

Staff attended CAFWD's recent regional workshop in San Francisco on May 20, 2011 along with representatives from several other Bay Area LAFCOs. Staff was pleased to hear CAFWD expects to drop Option 5b due to considerable stakeholder push-back and is now focusing only on Option 5a as it relates to encouraging integration and consolidation in the state. Nonetheless, as referenced, staff continues to be concerned with the potential for mission-conflict between LAFCOs and COGs tied to Option 5a.

D. Commission Review

Staff anticipates preparing a formal comment letter to CAFWD expanding on the concerns outlined in the preceding paragraphs. Staff respectfully requests the Commission review and discuss CAFWD's draft proposals and provide any comments or suggestions in anticipation of preparing a comment letter. Additionally, please note CAFWD has accepted an invitation to present at the CALAFCO Annual Conference scheduled for August 31-September 2, 2011 at the Silverado Resort.

Attachments:

- 1) ~~CAFWD's Executive Summary~~
- 2) ~~CALAFCO Comment Letter~~