

FINAL REPORTS 2002 Report:

LAFCo Municipal Service Reviews

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Summary:

The San Mateo County Civil Grand Jury finds that LAFCo has not been diligent in its pursuit of service efficiencies and economies available to taxpayers in San Mateo County. LAFCo Board members all have a personal interest in the districts and services under review, so the idea of capturing service efficiencies and economies, while legally mandated, is politically difficult.

The Grand Jury makes six recommendations to save taxpayer dollars. These include asking the LAFCo commission to set a policy that it will actively pursue implementation of the recommendations that arise from its studies, accelerating the time frame of the studies, performing the studies in a manner meaningful to the taxpayers, and asking the Board of Supervisors to support their efforts.

Issue: Has San Mateo County LAFCo proactively identified opportunities for local agency economies or efficiencies, including, as appropriate, consolidation or elimination of special districts, or city annexations?

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Background:

Local agency formation commissions were established by the State in 1963 as the local point of review and approval for formation or dissolution of governmental agencies, and changes in organizations and boundaries of cities and special districts. As part of this function each commission is required to "...initiate and assist in studies to improve efficiency and reduce costs of services"

The Cortese-Knox-Hertzberg Local Government Reorganization Act of 2000 (CKH Act) requires all local agency formation commissions to conduct Municipal Service Reviews. These reviews are to be comprehensive effectiveness and efficiency assessments of each public service provided within the commission boundary. The CKH Act states that these reviews are to include options of reorganization and consolidation. The CKH Act also requires the State to publish comprehensive guidelines for commissions to follow when conducting these reviews. The final draft guidelines published in October 2002 include funding and staffing alternatives to perform these reviews within five years, and recommend reviews by service functions (e.g. all sewer districts).

The San Mateo County Local Agency Formation Commission (LAFCo) is a seven-member commission, representing all public service providers in the county. The Commission meets six times per year. Members are typically long serving, obtaining reappointments to the limit of the law. The Commission's most common function is the review and approval or disapproval of city or special

district annexations of adjoining land parcels.

LAFCo once had one half-time and four full-time staff employees, but its staff and budget were vastly reduced. Today, the Executive Director is its sole employee. The Grand Jury reviewed the State law that formed local agency formation commissions and the draft guidelines for conducting Municipal Service Reviews, conducted interviews with LAFCo commissioners and the Executive Director, and reviewed its budget and operational procedures.

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Findings:

While mandated by the state in 2000, to date LAFCo has not initiated any Municipal Service Reviews. LAFCo has approved a geographically based plan to conduct city and special district service reviews on a three-year cycle, beginning in 2003.

LAFCo has dealt primarily with cases brought to it. Over the past five years there has not been a single instance of a LAFCo initiated study to improve efficiency or reduce costs that resulted in the consolidation or elimination of any governmental agency. In the few instances when special districts have been dissolved, such as the East Palo Alto County Water District in 2000 and Palomar Park Water District in the late 1990s, the impetus for dissolution was by request of those being served, not by any action initiated by LAFCo.

LAFCo does not proactively pursue local agency economies or efficiencies that may impact elected or appointed officials. This is due to the commission structure which is composed of representatives from cities and special districts that must pass judgment on other cities and special districts. LAFCo is reluctant to suggest service area consolidations or elimination, no matter how ineffective or inefficient a service provider may be. Action on the part of LAFCo commissioners to consolidate or eliminate related service providers could be politically difficult for some commission members. As a result, completed studies typically are not widely publicized nor acted upon.

LAFCo studies are not proactively nor widely disseminated to the affected public. The Publication of studies is limited to the LAFCo website or by visiting the LAFCo office.

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Conclusions:

TLAFCo's lack of initiative to recommend and effectively communicate service efficiency opportunities deprives residents of the county of the information they need to make well-informed decisions regarding public services.

The current LAFCo approved plan to perform service reviews by geographic area will not allow county residents adequate opportunity to compare their public services with others. Service specific data collected in one part of the county could be three years old before comparable data is available from another geographic area in the county.

LAFCo staff and budget constraints may compromise the quality and usefulness of information that LAFCo is required to provide to the public by legal mandate.

The LAFCo Executive Director is an efficient and hard working employee, but the

Municipal Service Reviews constitute additional workload that may require a new resource plan.

LAFCo commissioners need to overcome the political hurdles and exercise independent judgment to become more effective in saving taxpayer dollars.

Recommendations:

1. To increase the economy and efficiency of services in San Mateo County, LAFCo should immediately set a policy to proactively pursue implementation of recommendations from Municipal Service Review studies, even if it involves a recommendation to consolidate or eliminate a service provider.
2. The LAFCo Executive Director should immediately revise the Municipal Service Review plan to:
Perform reviews based on service functions as recommended in the CKH Act guidelines (e.g. all sewer services should be reviewed at the same time, rather than geographic location);
Ensure each service review study (e.g. fire protection) is completed and published within twelve months; and
Provide that all studies (i.e. sewer services, fire protection, water services, etc.) are completed within three years.
3. LAFCo should approve the revised Municipal Service Review plan at its next regular meeting.
4. The LAFCo Executive Director should immediately determine the resources required to meet the revised plan and schedule. The results of the evaluation should be submitted to the commission for approval at its next regular meeting.
5. In order for LAFCo to achieve greater efficiency and economy of services, the Board of Supervisors should provide sufficient resources to meet the accelerated schedule for Municipal Service Reviews.
6. Upon completion of each Municipal Service Review, the LAFCo Director should publish a summary of the results in county newspapers, as well as on the commission's website. The Executive Director should devise additional ways of widely circulating such information to the taxpayers, such as water and tax bill "stuffers".

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Response

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