



City of Irvine

**MUNICIPAL SERVICE REVIEW &
SPHERE OF INFLUENCE REVIEW**

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EXECUTIVE SUMMARY

The purpose of this report is to review municipal services delivered to and by the City of Irvine. LAFCO is mandated by state law to conduct a comprehensive review of municipal service delivery and update the spheres of influence of agencies under its jurisdiction not less than every five years.

Over the past two years the City of Irvine has experienced a succession of annexations in its northern sphere area and of the former El Toro Marine Corps Air Station resulting in an additional 19 square miles of territory being added to the City, for a total of 65 square miles. Irvine is now the largest city in Orange County in terms of total land area. The final annexations to the city are anticipated to take place within the next five to ten years expanding the City's jurisdiction another 9 square miles to over 74 square miles.¹

Municipal Service Summary

The city has experienced significant increases in its territory over the past few years. It is projected to experience a population increase of 5% annually over the next five years. This is a slower rate of growth compared to the 50% population increase the City experienced over the past decade.

No financing constraints were noted. This positive economic activity is reflected in the City of Irvine's revenue receipts for sales tax, property tax, hotel tax, development fees, and document transfer tax. However, other actions the State was taken to help solve its continuing budget difficulties could negatively impact the overall state economy.

The City has planned for increased development to ensure that there is adequate infrastructure. No infrastructure needs and deficiencies were noted. In addition, the city uses private contracts wherever possible to avoid costs and increase management efficiencies and participates with other agencies on a regional level for some municipal level services and facilities. No rate restructuring opportunities were noted.

No governmental structure options were noted; the City of Irvine is almost entirely surrounded by other cities and special districts providing services to the city have service areas larger than the city's boundaries. The city uses a variety of means to increase local accountability and governance.

¹ 2005-2006 Budget. City of Irvine, California



No significant issues were noted.

Sphere of Influence Summary

The city's sphere was originally adopted in July, 1972 and most recently revised in April 2005 when the Commission adjusted the boundary between the Cities of Irvine and Tustin as part of the Columbus Grove reorganization.

The total unincorporated area remaining within the sphere is approximately 5,845 acres. This includes the 100 acres James Musick Facility at 13502 Musick, Irvine and 5,006 acres is permanent open space (Limestone Regional Wilderness Park and TCA Mitigation Area). The remaining 739 acres immediately south of Portola Parkway is planned for future for development. The future annexation of this area, located in the northern sphere area, is anticipated in the next five to ten years.

No changes are proposed in the city's sphere of influence and it is recommended that LAFCO re-affirm the existing sphere of influence for the City of Irvine.



INTRODUCTION

Pursuant to a 2000 legislative requirement, LAFCO must conduct a comprehensive review of municipal service delivery and update, as necessary, the spheres of influence of agencies under LAFCO's jurisdiction not less than every five years. The Cortese-Knox-Hertzberg Local Government Reorganization Act of 2000 requires that LAFCO review municipal services before updating the spheres of influence and to prepare a written statement of determination with respect to each of the following:

- 1) Infrastructure needs or deficiencies;
- 2) Growth and population projections for the affected area;
- 3) Financing constraints and opportunities;
- 4) Cost avoidance opportunities;
- 5) Opportunities for rate restructuring;
- 6) Opportunities for shared facilities;
- 7) Government structure options, including advantages and disadvantages of consolidation or reorganization of service providers;
- 8) Evaluation of management efficiencies; and
- 9) Local accountability and governance.

The MSR process does not require LAFCO to initiate changes of organization based on service review findings; it only requires that LAFCO make determinations regarding the provision of public services per Government Code Section 56430. MSRs are not subject to the provisions of the California Environmental Quality Act (CEQA) because they are only feasibility or planning studies for *possible* future action that LAFCO has not approved (Cal. Pub. Res. Code § 21150). The ultimate outcome of conducting a service review, however, may result in LAFCO taking discretionary action on a change of organization or a reorganization.

Sphere of Influence Updates

LAFCO is also charged with adopting a sphere of influence for each city and special district within the county. A sphere of influence is a planning boundary that designates the agency's probable future boundary and service area. Spheres are planning tools used to provide guidance for individual proposals involving jurisdictional changes. Spheres ensure the provision of efficient services while discouraging urban sprawl and the premature conversion of agricultural and open space lands. The Cortese-Knox-Hertzberg (CKH) Act requires LAFCO to develop and determine the sphere of influence of each local governmental agency within the county, and to review and



update the SOI every five years. In determining the SOI, LAFCO must address the following:

- 1) Present and planned land uses in the area, including agricultural and open-space lands;
- 2) Present and probable need for public facilities and services in the area;
- 3) Present capacity of public facilities and adequacy of public service that the agency provides or is authorized to provide; and
- 4) Existence of any social or economic communities of interest in the area if LAFCO determines that they are relevant to the agency.

MSR AREA

Irvine History²

The area now known as the City of Irvine has a rich and varied history. In 1868, the city's namesake and sheep rancher James Irvine arrived in the area. Much of the rancho was not suitable for cultivation, but did border the Santa Ana River on the north, thereby securing valuable water rights. The Irvine, Flint and Bixby ranches were devoted to sheep grazing, although in the 1870's tenant farming was permitted. In 1878, James Irvine acquired his partners' interests for \$150,000. His 110,000 acres stretched 23 miles from the Pacific Ocean to the Santa Ana River. James Irvine died in 1886 and his son James Irvine, Jr., came into full possession of the ranch in 1893 which he incorporated into The Irvine Company one year later. James, Jr. began shifting ranch operations to field crops, olive and citrus orchards. Agriculture use intensified on the Ranch into the early 1900s. By 1947 another son Myford Irvine as successor to the property began opening small sections of the ranch to urban development.

During World War II, two Marine Corps air facilities were built on land sold to the government by The Irvine Company. In 1959, the University of California asked The Irvine Company for 1,000 acres for a new campus. The Irvine Company agreed, and the State accepted the land and purchased an additional 500 acres. The University's consulting architect, William Pereira, and Irvine Company planners drew up master plans for a city of 50,000 people surrounding the university. The area would include industrial zones, residential and recreational areas, commercial centers and greenbelts. The Irvine Industrial Complex West (now known as The Irvine Business Complex) opened and the villages of Turtle Rock, University Park, Culverdale, the Ranch and Walnut were established by 1970.

² Some information derived from the City of Irvine webpage www.ci.irvine.ca.us



On December 28, 1971, the residents of these communities voted to incorporate a substantially larger city than that envisioned by the original Pereira plan in order to control the future of the area and protect its tax base.

Irvine Today

Irvine is one of the nation's largest planned urban communities and encompasses more than 65 square miles and has a population of projected population 180,000³. The City contracts for fire and emergency medical services with the Orange County Fire Authority (OCFA). Services provided by the City include: animal control; building and safety regulation and inspection; general administrative services; planning and zoning; police; public facility/capital improvement construction; recreation and cultural programs; refuse collection and recycling; street lighting; street maintenance; landscape maintenance and transportation management. The entire City is served by Irvine Ranch Water District for water and wastewater services.

Land uses in the city include: residential, commercial, institutional, military, conservation and open space uses. All territory within the city's sphere of influence is included within the designated land uses of the city's General Plan. The city is still developing; however, the remaining undeveloped areas within the sphere are proposed for development within the next five to ten years. According to the landowner, the Irvine Company, the anticipated development will likely be of mixed uses similar to more recent development in the northern sphere area.

One of the more notable development projects relates to the reuse of the former El Toro Marine Corps Air Station property. The site was annexed to the city in January, 2004 and is now undergoing a major planning effort. Anticipated development of the property includes residential, commercial, open space/park and recreation, industrial uses. Additionally, the Orange County Great Park is proposed for the center of the site.

The Irvine Company, the major landowner of the remaining undeveloped territory within the city's sphere anticipates annexation and development of its last two unincorporated areas within the next five to ten years.

The city's sphere includes the County of Orange 100-acre James Musick Facility which is a minimum security jail operated by the Orange County Sheriff Department. There are no plans to annex the facility or remove it from the city's sphere.

³ 2005-2006 Budget. City of Irvine, California

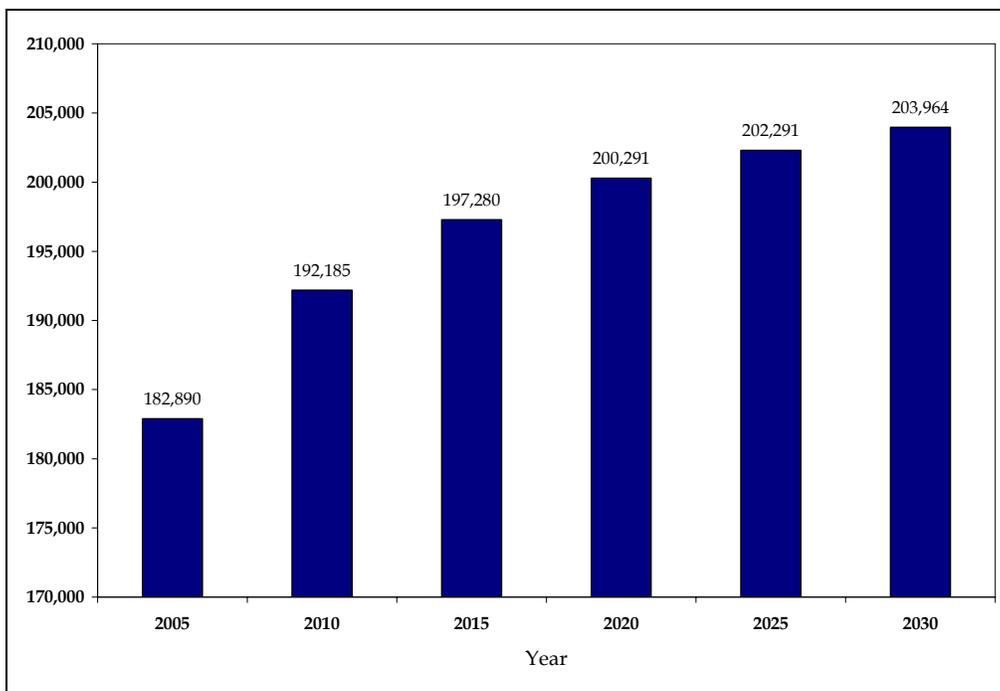


MSR DETERMINATIONS

This section addresses the nine determinations as required by Government Code Section §56430.

Growth & Population Projections

The City of Irvine estimates its current population to be approximately 180,000, almost double what it was just ten years ago. The Center for Demographic Research, using the city's General Plan and regional trends, has projected a population increase of 21,074 over the next 25 years as is shown on the following chart.



The city, in its General Plan, has adopted a Growth Management Element, "To ensure that growth and development are integrally planned with, and phased concurrently with, the city of Irvine's ability to provide an adequate circulation system and public facilities." While the Growth Management Element focuses on transportation and circulation, the remainder of the General Plan establishes polices and goals which, when used together, guides growth and development and maintains the existing quality of life.



The city has adequately planned for future growth and associated infrastructure through its General Plan and annual capital improvement program (CIP). No significant issues were noted.

Infrastructure Needs or Deficiencies

This determination addresses the adequacy of existing and planned infrastructure needed to accommodate future growth and the efficient delivery of public services. The city or other agencies provide services within the City of Irvine.

The city's General Plan establishes levels of service for municipal level services to ensure orderly growth and development and that services and facilities would be provided concurrent with need. To implement the community service standards, the city adopts an annual budget, a five-year capital improvement program (CIP) and work program to ensure that service levels are maintained or improved and that the five year CIP is adequately funded. The annual budget and work program identifies specific objectives for each department during the ensuing year to ensure that infrastructure needs are adequately funded. The FY 2005-2006 CIP budget of \$29.39 million provides funding for 83 projects, 43 of which represent new projects with the remaining 40 being rehabilitation projects.

SERVICE	CURRENT PROVIDER	COMMUNITY SERVICE STANDARD	PROPOSED CHANGE
Animal Control	City of Irvine	NA	NONE
City Attorney	Private firm (by contract)	NA	NONE
Community Development ⁴	City of Irvine	NA	NONE
Fire & Paramedic ⁵	Orange County Fire Authority	OCFA standard is 5 and 8 minute response time for 80% of the time for fire/paramedic respectively	NONE
Library	Orange County Library System	1 square foot of library space per five person population	NONE
Park and Recreation	Irvine	5 acres of parkland per 1,000 residents	NONE
Street Lighting, Sweeping and Landscaping	Irvine	NA	NONE
Police	City of Irvine	6 minute response time for 85% for Emergency events	NONE
Solid Waste	Private Contractor	Implementation of all source reduction, recycling and conservation methods as required by the State	NONE
Water & Wastewater	Irvine Ranch Water	Ensure that adequate services and facilities are	NONE

⁴ Includes planning, building and safety and code enforcement



	District	available concurrent with need
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No significant issues regarding infrastructure needs and deficiencies were noted.

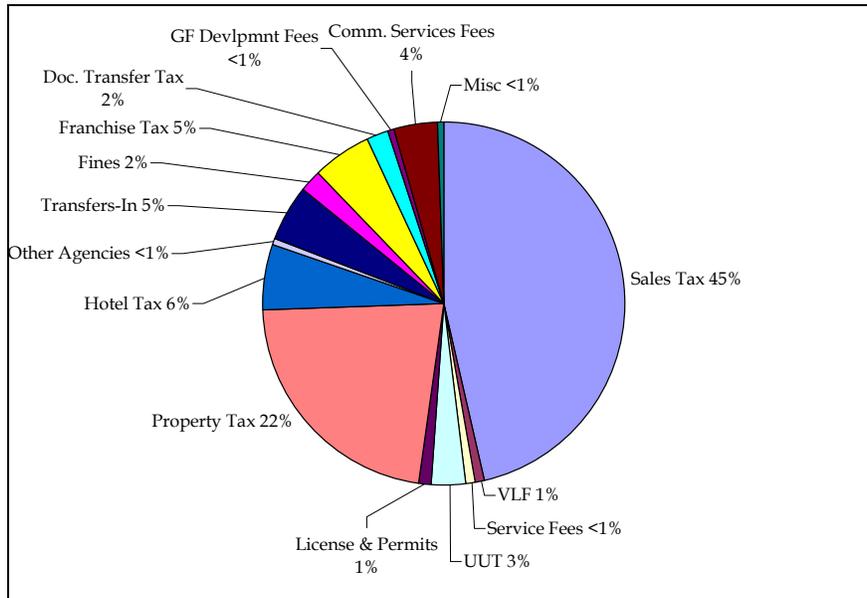
Financing Constraints & Opportunities

The proposed 2005-2006 Fiscal Year (FY) budgeted expenditures are \$181.9 million with estimated revenue from all funds totaling \$184.1 million, which is a \$67.7 million (58%), increase from the previous year⁶. This increase is largely due to \$66.6 million from the Great Park Development Agreement. Operational expenditures pertaining to basic City operations not including the Great Park are \$112.5 million which is 9% greater than the prior fiscal year.

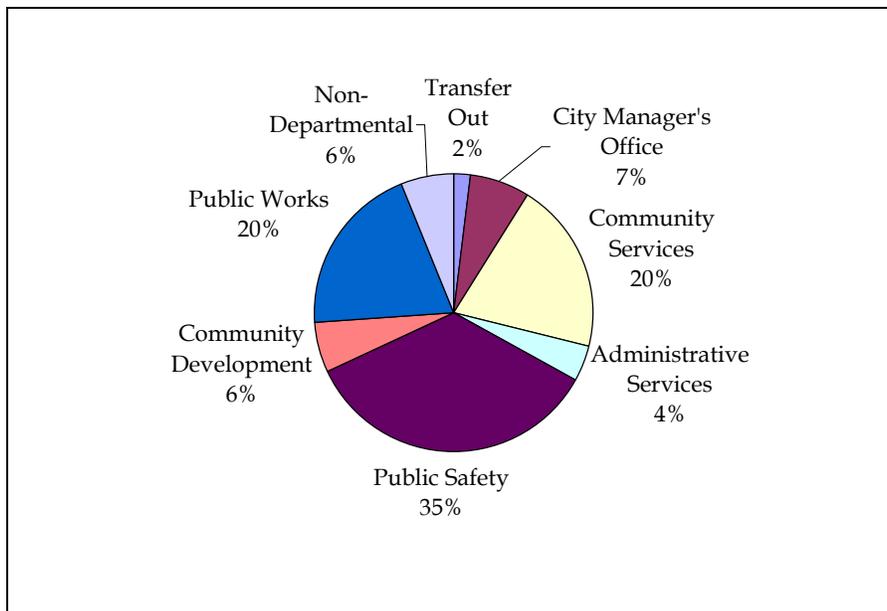
In light of the uncertainty concerning the economy and potential State actions that could have severely impacted City revenues, expenditures over the past several years have been held carefully in check in spite of larger legal boundaries, increased population, and the related increases in service demands. Cost containment efforts and efficiencies resulted in keeping staffing increases to a minimum and per capita expenditures and staffing at historically low levels. The following charts show the 2005-06 General Fund revenue sources and expenditures.

FY 2005-06 General Fund Revenues (\$117,442,019)

⁶ 2005-2006 Budget. City of Irvine, California



FY 2005-06 General Fund Expenditures (\$116,152,080)





Cost Avoidance Opportunities/ Opportunities For Shared Facilities

The City of Irvine contracts for various services with regional service providers, private contractors and adjacent jurisdictions wherever possible. The City is part of the Orange County Library system and contributes approximately \$1 million annually to County libraries which keeps the system fiscally viable. Irvine is a structural fire fund city and collaborates on fire prevention and emergency services within the Orange County Fire Authority (OCFA).

Opportunities for Rate Restructuring

The city council reviews its budget annually and establishes fees and charges for services to ensure that revenues are adequate to meet expected expenses. Fees charged by some service providers are beyond the purview of the City of Irvine; however the city works closely with service providers to ensure the most efficient and cost effective service.

Government Structure Options

Several agencies provide service to the city including the Orange County Fire Authority and Irvine Ranch Water District. No issues were noted with the provisions of those services and no reorganizations involving other agencies were identified during the service review. No other governmental structure options were noted.

The majority of the city's current sphere of influence is coterminous with the existing city boundaries. The city is generally bounded on all sides by other incorporated cities except for the northern boundary area which is surrounded by permanent open space. There are approximately 5,845 acres of unincorporated territory within the city's sphere. The city has an adopted MOU with the landowner relative to planning and pre-zoning annexation areas in the SOI. No changes in the city's adopted sphere are recommended at this time.

Local Accountability & Governance

No significant issues regarding local accountability and governance were noted.

The City of Irvine is a Charter City governed as a Council/Manager form of government. The City Council is comprised of the Mayor and four City Council members who are elected at large by registered voters of the City. Council members each serve a four-year term and the Mayor serves a two-year term. The City of Irvine has a two-term limit for elected officials. Elections are held every two years, on the even year, with two Council members and the Mayoral seat up for consideration. The next election will be held on November 7, 2006.



The city council meets on the second and fourth Tuesday of each month at 7:00 p.m. The city maintains a website to increase local accountability. The following are the current city council members and their terms of office.

MEMBER	TITLE	TERM	STIPEND
Beth Krom	Mayor	2004-2006	\$720 per month
Sukee Kang	Mayor Pro Tem	2004-2006	\$720 per month
Larry Agran	Council Member	2004-2008	\$720 per month
Steven Choi	Council Member	2004-2008	\$720 per month
Christina Shea	Council Member	2002-2006	\$720 per month

Each Councilmember is paid monthly, during his or her term of office, a lump sum automobile expense reimbursement in the amount equal to what is paid monthly to City directors (currently \$415 per month). Each Councilmember also receives a monthly lump sum payment of \$200 as reimbursement for incidental expenses, \$100 for cellular service and a reimbursement of up to \$50 per month for Internet Service. Additionally, Council members receive a one-time reimbursement for installation of Internet Service up to \$150; and a one-time reimbursement for purchase of cellular equipment up to \$200 upon receipt of invoice.

Each Councilmember is paid monthly, during his or her term of office, a stipend equivalent to \$300 per month to compensate for service as an Irvine Transportation Authority (ITA) Board member. Each Councilmember has the opportunity, during his or her term of office, to elect health insurance coverage at the same level as City directors.



SERVICE REVIEW DETERMINATIONS

1) Growth & Population Projections

The city is projected to experience an increase of approximately 21,000 people over the next 25 years.⁷

2) Infrastructure Needs & Deficiencies

The future growth projected for the city, while relatively modest in comparison with prior years, will increase the demand for additional municipal level services. The City of Irvine reviews infrastructure needs annually through its budget and capital improvement program to ensure that those services which the city provides will be provided concurrently with expected need. The city works closely with the agencies and contractors providing other services to ensure that the goals of the city's General Plan regarding service levels are adequately met (e.g., Irvine Ranch Water District and the Orange County Fire Authority).

3) Financing Opportunities & Constraints

The impact of the local revenues shift to the State from the City of Irvine will result in reductions in city revenues. No other significant financing issues were noted.

4) Opportunities for Rate Restructuring

No issues regarding rate restructuring currently apply.

5) Government Structure Options

No significant issues were noted. The City of Irvine is almost entirely surrounded by other cities or permanent open space. The special districts serving the city all have territory which extends into multiple jurisdictions and no reorganizations would be feasible at this time. For the most part the city has a sphere of influence coterminous with its existing boundaries except for the 100 acre James Musick Facility and the approximately 5,745 acres at its northern boundary. It is anticipated that the undeveloped unincorporated territory within its sphere will be annexed within the next five to ten years. The city has an adopted MOU with the landowner relative to planning and pre-zoning annexation areas in the SOI? There are no plans to annex the Musick Facility area.

⁷ Center for Demographic Research



6) Local Accountability & Governance

The City of Irvine follows standard processes for accountability to the public. The city council, as the formal governing body, is elected and conducts regularly scheduled public meetings. The city maintains a website that includes contact information and links to services and local events.

7) Opportunities for Cost Avoidance

The City of Irvine currently contracts with other public agencies and private agencies for those services when cost/benefit studies have demonstrated a savings to the city by avoiding overhead, infrastructure, and associated management costs.

8) Opportunities for Management Efficiencies

No significant issues were noted.

9) Opportunities for Shared Facilities

No significant issues were noted.

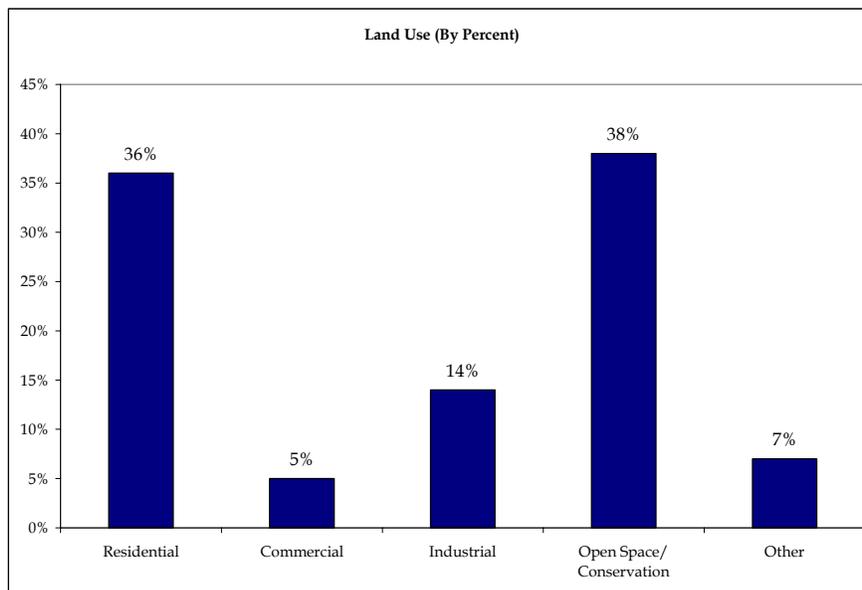


CITY OF IRVINE SOI UPDATE

Government Code Section 56425 identifies the following factors that should be considered by LAFCO when determining an agency's sphere of influence:

- The present and planned land uses in the area, including agricultural and open-space lands.
- The present and probable need for public facilities and services in the area.
- The present capacity of public facilities and adequacy of public services that the agency provides or is authorized to provide.
- The existence of any social or economic communities of interest in the area if the commission determines that they are relevant to the agency.

The incorporated portion of the City of Irvine encompasses approximately 65 square miles with an estimated population of approximately 180,000. It is located north of Newport Beach and Laguna Beach, west of Lake Forest, east of Tustin and Santa Ana, and south of the unincorporated County permanent open space. Approximately 56% of residential uses and 70% of its non-residential uses are built out. The city contains residential, business/industrial, commercial, institutional and open space uses. The following chart depicts the range of land uses within the city.





No significant infrastructure needs or deficiencies were noted. Library, fire/paramedic, water/wastewater services are currently provided by other agencies. All other services are provided by the City of Irvine. Future population growth is projected to be relatively modest compared to past population growth, as the city is nearing built-out.

The city's sphere was originally adopted in July, 1972 and most recently revised in April 2005 when the Commission adjusted the boundary between the Cities of Irvine and Tustin as part of the Columbus Grove reorganization. The unincorporated area within the sphere totals approximately 5,845 acres. This includes the 100 acres James Musick Facility at 13502 Musick, Irvine and 5,006 acres is permanent open space (Limestone Regional Wilderness Park and TCA Mitigation Area). The remaining 739 acres is a parcel immediately south of Portola Parkway that is planned for future for development. The future annexation of this area located in the northern sphere area is anticipated to occur within the next five to ten years.

No changes are proposed in the city's sphere of influence and it is recommended that LAFCO re-affirm the existing sphere of influence for the City of Irvine.

Recommendation

Staff recommends the Commission reaffirm the existing sphere of influence for the City of Irvine. The sphere is approximately 74 square miles and currently includes 5,845 acres of unincorporated territory.



STATEMENT OF DETERMINATIONS

The present and planned land uses in the area, including agricultural and open-space lands

All territory within the city's sphere of influence is included within the designated land uses of the city's General Plan. The city has a full range of land uses including residential, commercial, institutional, military, conservation and open space uses. The city is relatively built-out. The remaining undeveloped areas within the sphere are proposed for development within the next five to ten years. The anticipated development will likely be of mixed uses similar to more recent development in the northern sphere area.

The present and probable need for public facilities and services

The present need for services is addressed through the city's General Plan, budget and five-year capital improvement program as well as through the master plans and associated planning processes/ documents of the agencies providing services to area residents. The probable need for services is expected to increase as new development proceeds until the city reaches build-out. The city has adequately anticipated the demand for additional services and is prepared to meet the projected need.

The present capacity of public facilities and adequacy of public services that the agency provides or is authorized to provide

The city and other service providers have adequate capacity and facilities to serve current and future land uses.

The existence of any social or economic communities of interest in the area (if the commission determines that they are relevant to the agency)

The Orange County LAFCO has not identified any social or economic communities of interest for the City of Irvine and none were identified during the municipal service review and sphere processes.