

Orange County LAFCO Newsletter

2nd Quarter / FY 2015-16
(October – December
2015)



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Introduction

The February Comprehensive Quarterly Report (“CQ Report”) provides an overview of the projects and meetings completed and underway in the months of October, November and December 2014 (FY 14-15 second quarter). An assessment of the agency’s current budget and investment portfolio performance for the second quarter is also contained in this report.

Proposed Changes of Organization

During the second quarter, OC LAFCO participated in meetings and discussions on routine to complex changes of organization involving island and special district annexations, activation of latent powers, and extraterritorial provision of retail water. The following section provides an update on activities involving boundary change applications and potential LAFCO proposals that occurred during the second quarter.

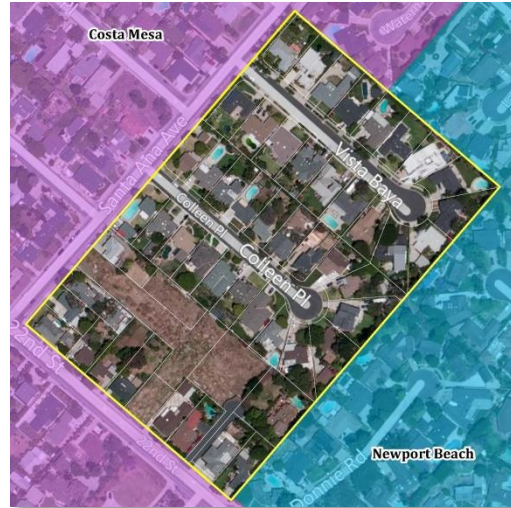
Via Vista Annexation to the Orange County Sanitation District

LAFCO and the Orange County Sanitation District have worked collaboratively over the years to process small annexations to the Orange County Sanitation District (OCSD) that allow individual or multiple residential properties to transition from septic systems to a local sewer system. Failing or leaking septic tanks can contaminate the groundwater and lead to other health and public safety concerns. During the second quarter, the Commission approved the Via Vista Annexation allowing a single property in the Anaheim Hills area to convert from septic to sewer. As the regional wastewater collection and treatment agency, properties much annex to OCSD to receive both local and regional wastewater services. The Annexation will allow the property owner to coordinate with the City of Anaheim for connection to the City’s local sewer system.



Santa Ana/Colleen Island Annexation to the City of Costa Mesa

During the second quarter, the Commission approved the annexation of the Santa Ana/Colleen Island Annexation to the City of Costa Mesa. The action has been recorded with the Clerk Recorder's office and is now effective. LAFCO staff is coordinating with City staff to submit the final paperwork to the State. The annexation represents an ongoing effort by the Commission to work proactively with the County, cities, and special districts (where applicable) to annex unincorporated islands to cities and improve service delivery efficiencies in unincorporated areas. For many years, LAFCO has worked with the County and the City of Costa Mesa on long-term governance options for the unincorporated areas within the City's sphere of influence. The City's long-term commitment to the process, most recently demonstrated by participation in the Islands Task Force, has led to the successful annexation of several islands since 2002. Annexation of the Santa Ana Island leaves 21 small islands (less than 150 acres) in Orange County.



East Orange County Water District Reorganization & Focused MSR

The Commission has received regular status updates from staff on the proposed "East Orange County Water District Reorganization for Local Sewer Service" (RO 14-01) and the focused MSR that is being conducted as part of the LAFCO review process. During the second quarter, LAFCO staff continued to work with the applicant (EOCWD) and stakeholders (City of Orange, Irvine Ranch Water District, and Orange County Sanitation District) on data and information necessary to prepare and complete the MSR. The data collection phase of the MSR process is critical as it lays the foundation for the future analysis that will be presented in the final written report for Commission consideration mid-spring. LAFCO staff is expecting additional data from the stakeholders and is continuing to work with representatives from each agency to field questions about the data request and process. While the data collection phase is ongoing, staff has begun preparation of the draft MSR report, which is expected to be distributed to stakeholders for internal review in March. A revised MSR schedule and additional details are provided in a separate staff report for the February agenda.

Transfer of Retail Water System and Potential Annexation of La Habra Islands

The Commission has received regular status updates on an anticipated application from the City of La Habra for approval of an out-of-agency service agreement between the City and California Domestic Water Company ("CDWC") for the proposed transfer of retail water facilities and services from CDWC to the City. State law requires that LAFCO approval of an out-of-agency service agreement be in anticipation of future annexation of the area by the City. Over the past several months, LAFCO staff has worked with City and County staff to discuss infrastructure and government service issues related to future annexation of the islands by La Habra. In addition to water service, sewer issues in the islands represent an important topic since approximately 150 properties located in the islands are currently on septic systems. Recently, LAFCO staff facilitated a meeting involving County and City staff to discuss costs and potential revenue sources related to municipal service provision and infrastructure

maintenance in the islands. Over the next few months, discussions will continue to ensure that the interests of the County, city and residents are aligned. Approval of the agreements and initiation of annexation are expected to occur in early spring.

Fostering Partnerships

The Commission continues to foster partnerships and enhance communications with local government agencies and communities through LAFCO's projects and activities. The following section provides an update on LAFCO communication and outreach efforts conducted during the second quarter.

South Orange County Visioning Process

The Visioning Process involves stakeholder working groups for two South County Study Areas: (1) Rancho Mission Viejo ("RMV") Study Area (the Cities of San Juan Capistrano and San Clemente, Rancho Mission Viejo Planning Areas, the unincorporated community of Ladera Ranch, and the Santa Margarita Water District); and (2) Rancho Santa Margarita ("RSM") Study Area (City of RSM, the unincorporated communities of Coto de Caza, Wagon Wheel, Stonecliffe, and Las Flores, and the Santa Margarita Water District). Identified as a key priority in this year's LAFCO Work Plan, the South Orange County Governance Visioning Process over the past several months has provided an opportunity for the stakeholders to discuss the future of local governance for the study areas. Provided with volumes of background and financial data on service costs and revenues for the study areas by LAFCO, during the second quarter, the working groups reviewed how LAFCO jurisdictional changes and agency formations are processed and reviewed by the Commission. A key meeting that occurred during the 2nd quarter involved an interactive discussion of the criteria and variables for identifying viable governance options. While it was originally anticipated that the last stakeholder meeting would occur during the 2nd quarter, both working groups have agreed to continue meeting to discuss the development of communication and dataset that working group members may use to engage respective boards and communities. At the conclusion of the stakeholder visioning process, LAFCO staff will prepare a report on the process for Commission consideration.



2015 OC Collaborative Services Summit

Registration for the 2015 OC Collaborative Services Summit is currently underway! An exciting half-day program, the Summit will take place on Thursday, February 26, 2015, beginning at 8:00 a.m. with a networking breakfast at the Costa Mesa Country Club. The program has been designed to provide a platform for government leaders to share and hear how collaborative service opportunities can work for Orange County. During the second quarter, the Summit's Planning Committee, comprised of representatives from the County, cities, special districts, and the Orange County Transportation Authority, worked diligently to put together an informative and action-oriented program for our attendees. The program will open with keynote speaker Ted Gaebler, a recipient of ICMA's prestigious Management Innovation Award and author of *Reinventing Government: How the Entrepreneurial Spirit is Transforming the Public Sector*.

Also featured will be a panel of elected and executive leaders that will offer their own personal experiences of successes (and failures) involving collaborative services with other agencies. Featured speakers will include: Councilmember Wendy Bucknam (Mission Viejo), OC Sheriff Sandra Hutchens, Chief Executive Officer Darrell Johnson (Orange County Transportation Authority), City Manager Tim O'Donnell (Brea), General Manager Paul Cook (IRWD), and Attorney and Firm Partner Sonia Carvalho (Best Best & Krieger LLP). Our very own Commissioner John Withers will welcome the Summit attendees and participate as a panelist to discuss LAFCO's role as a resource to local governments as they explore collaborative service delivery.

Additionally, LAFCO has invited several cities, districts and other organizations to partner with the Commission on hosting of the event. To date, the City of Costa Mesa, Costa Mesa Sanitary District, Irvine Ranch Water District, Mesa Water District and the Orange County Transportation Authority have pledged support.



CALAFCO Legislative Committee

OC LAFCO staff continues to actively participate as a member of the CALAFCO Legislative Committee. During the second quarter, staff participated in a quarterly Committee meeting held to discuss the legislative priorities of the Committee in an advisory role to the CALAFCO Board. The Committee identified multiple key focus areas that include an overhaul of the protest provisions for LAFCO proceedings, LAFCO's role in the review of joint power agreements that involve the provision of municipal services and significant amendments to the statute for the disincorporation process. OC LAFCO serves as a member of the working group tasked with drafting the disincorporation amendments. During the 2nd quarter the working group met and presented both amendments and additions to current state law to the legislative committee. The amendments are intended to clarify the needed information in evaluating a disincorporation proposal and the responsibility of debts of the disincorporating city. The next steps for this effort is review of proposed amendments by the CALAFCO Board followed by outreach to affected stakeholders, including but not limited to, all 58 LAFCOs, League of California Cities, CSAC, and CSDA. The next legislative committee meeting will take place in February in Ontario.



The Legislative Quarterly Report, which provides additional details on 2015 legislation of LAFCO interest, is under a separate report and will be presented to the Commission at the February 11 meeting.

Coalition of California LAFCOs

The Coalition of California LAFCOs ("CCL"), comprised of Commissioners and staff of all southern LAFCOs (Imperial, Los Angeles, Orange, Riverside, San Bernardino, and San Diego), continues to meet quarterly to discuss and collaborate on regional and local issues. Commissioner Cheryl Brothers currently serves as the Board Treasurer and Ben Legbandt, OC LAFCO Project Manager, is CCL's Executive Officer. During the second quarter, the CCL Board held its quarterly meeting on December 3, 2014 to discuss anticipated legislative activities of the new session of the State Legislature that began on January 5,

2015. The CCL quarterly meetings provide an opportunity for the group to discuss regional issues and to explore opportunities to share resources. Recently, the group discussed working with the Southern California Association of Governments (SCAG) to ensure that there is special district input in the preparation of long-range transportation planning documents.

Each year, CCL hosts an annual summit that provides an opportunity for Commissioners and staff to network with colleagues from the region as well as connect with other organizations, such as the League of California Cities and Institute for Local Government. Highlights of the summit will be included in the 3rd quarter CQ Report.

OC LAFCO Meetings and Outreach Efforts

During the 2nd quarter, many of the outreach meetings and efforts involved highlighting the February 26 Collaborative Services Summit. The one-on-one and group meetings and presentations provide the opportunity for LAFCO staff to keep County, city, special district representatives and other LAFCO stakeholders apprised of key LAFCO events and projects.

Q2 FY 14-15 MEETINGS & OUTREACH EFFORTS
October Meetings
OCCMA Monthly Luncheon Meeting
HR Consultant to discuss staff retreat and development
Protest hearing for the Carmel/Lampson Reorganization
ISDOC Executive Committee Meeting
CALAFCO Meeting to discuss sphere session for annual conference
South County Governance - RMV Study Area Stakeholder Working Group Meeting #3
Conference call meeting with Ted Gaebler/Troy Butzlaff to discuss summit
ACC-OC City Managers Committee
OC Auditor Controller staff regarding AB 8 process and special district formation proceedings
CALAFCO Annual Conference (Oct 15-17)
Irvine Asst. City Manager to discuss OC LINC and shared services summit
LAFCO Consultant to discuss South County agenda for stakeholder meetings
Brea City Manager to discuss shared services summit
ISDOC Quarterly Meeting to present LAFCO Update and Shared Services
South County Governance - RSM Study Area Stakeholder Working Group Meeting #3
County COO to discuss potential annexation of La Habra islands
RMV staff to discuss LAFCO priorities/vacancies
ADA Title II Compliance Training
Training Partners to discuss County building safety and other issues
November Meetings
Exit interview with independent audit team, White Nelson Diehl Evans
Women Leading Government Coaching Teleconference
Presentation of Government Leadership Award to IRWD Board
Sexual Harassment Avoidance staff training with BB&K
Shared Services Summit Planning Committee
OC Grand Jury for LAFCO 101
Center for Demographic Research Management Oversight Committee meeting
South OC Economic Coalition

December Meetings
Swearing in ceremony for Supervisor Lisa Bartlett
CCL Board meeting
South County Governance - Rancho Mission Viejo Study Area Stakeholder Working Group Meeting #4
Center for Demographic Research Management Oversight Committee
Interview accounting firm to provide accounting services
CALAFCO Disincorporation Subcommittee
County IT staff to discuss office relocation transition
OCTA staff to discuss board room logistics
OCERS Plan Sponsor meeting
OC Planning Commission meeting regarding Esperanza Hills project
Southern California Association of Governments Technical Working Group
LAFCO Consultant to discuss South County Governance stakeholder meetings
Presentation of Government Leadership Award to YLWD Board
OCCOG Executive Director to discuss Shared Services Summit
CALAFCO Legislative Committee meeting
Moulton Niguel Water District to discuss Shared Services Summit

Preparation of OC LAFCO’s Audited Financial Statements

For the past thirteen years, an independent auditor has prepared OC LAFCO’s audited financial statements. At the November meeting, the auditing firm, White Nelson Diehl Evans LLP, presented OC LAFCO’s 2013-2014 audited financial statements to the Commission. The auditor did not find any material issues relating to LAFCO’s accounting procedures and policies, current internal financial controls, or office procedures. The Commission’s audited financial statements for the past nine years are publicly available on the OC LAFCO website.

OC LAFCO Relocation - “Getting Settled”

Since the approval of the new office lease by the Commission in September 2014, LAFCO staff has worked diligently on relocation of the LAFCO offices to 2677 N. Main Street in Santa Ana. On January 12, staff officially took occupancy and is currently becoming acquainted with LAFCO’s new landlord and neighbors. During the transition, only minor interruptions and service provider adjustments were experienced and as the staff settles in, the office is up and running. Presently the LAFCO main telephone number (714.834.2556) is the same. However, because that number is part of the County’s group numbers, we are required to change it. This change will occur over the next few weeks and will be provided to the Commission and LAFCO stakeholders and published on our website.

